



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 11, 2007

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2007-08 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2007-08 Operational Plan, as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$75.4 million and for all budgetary funds combined is \$91.8 million.

This letter also recommends budget adjustments to make resource reallocations or to fund various one-time projects. Among these adjustments are recommendations to appropriate or transfer funds for augmenting capital projects (e.g., the Sheriff's Alpine Station, Trans-County Trail acquisition and development, and the Tijuana River Valley Trail Construction), for technological upgrades to the HVAC system at the San Marcos Branch Library, to increase the pay down of the 2002 Taxable Pension Obligation Bonds, Series B-1 from \$18 million to \$20 million based on appropriation savings from variable interest rate expenditures, and to reimburse departments for Quality First payments made to employees. In addition, the Board is asked to ratify budget adjustments made by staff during Fiscal Year 2006-07 year-end closing for general fund, airport enterprise, inactive waste, street lighting, and road funds. Also recommended is a net increase in the fund balance designation for the Department of Environmental Health and a recommendation to decrease the Sheriff's fund balance designation to provide funding for the completion of the environmental documentation and to begin the programming/design phase for the Las Colinas Women's Detention Facility. The board letter also recommends establishing appropriations for unexpected construction costs at the Edgemoor Skilled Nursing Facility.

In previous separate actions, the Board has approved budget adjustments to aid in the response to and recovery from Firestorm 2007. These actions will not have a significant effect on the County's finances and have been incorporated into the year-end fund balance projections.

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Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the FY 2007-08 first quarter report on projected year-end results.
2. Authorize the Auditor & Controller to reduce the fund balance designation for Sheriff Capital Projects by \$2,000,000 to provide funding for the completion of the environmental documentation and to begin the programming/design phase for the Las Colinas Women's Detention Facility.
3. Establish appropriations of \$2,000,000 in Contributions to Capital Outlay Fund, Operating Transfer Out based on Sheriff's Designation within the General Fund. (4 VOTES)
4. Establish appropriations of \$2,000,000 in the Justice Facility Construction Fund, Capital Project 1000159, Las Colinas Women's Detention Facility, based on an operating transfer from the General Fund. (4 VOTES)
5. Establish appropriations of \$44,100 in the Sheriff's Department, services and supplies, for parking security costs at the Hall of Justice based on unanticipated revenue from the Superior Court of California, San Diego. (4 VOTES)
6. Establish appropriations of \$45,000 in the Sheriff's Department, salaries and benefits (\$25,000) and services and supplies (\$20,000), for contracted services provided by local law enforcement agencies associated with the Operation Green Sweep based on unanticipated revenue from the 2007 Domestic Cannabis Eradication/Suppression Program. (4 VOTES)
7. Transfer appropriations of \$550,000 from the Sheriff's Department, Management Reserves to Contributions to Capital Outlay Fund, Operating Transfer Out, for a new generator and site work at the Alpine Station.
8. Establish appropriations of \$550,000 in the Justice Facility Construction Fund for Capital Project 1006589, Alpine Station, based on an operating transfer from the General Fund. (4 VOTES)
9. Establish appropriations of \$2,224,495 in the District Attorney's Office, services and supplies (\$900,000) and capital assets (\$1,324,495) for the one-time purchase of IT equipment to support the upgrade and enhancement of the Department's network infrastructure, based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
10. Transfer appropriations of \$164,025, Other Communications, from the District Attorney's Office to the Sheriff's Department for costs associated with the Gigabit Ethernet service, GigaMAN.
11. Cancel appropriations of \$1,328,368 in the District Attorney's Office, salaries

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and benefits and related Senate Bill 90 State Mandate Reimbursement revenue due to the change in the State reimbursement schedule in Fiscal Year 2007-08.

12. Establish appropriations of \$1,328,368 the District Attorney's Office, salaries and benefits for the Senate Bill 90 State Mandate Reimbursement based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
13. Establish appropriations of \$900,000 in the District Attorney's Federal Seized Asset Forfeiture Fund, services and supplies (\$598,000) and contributions to various community agencies (\$302,000), for various equipment upgrades and enhancements based on fund balance available. (4 VOTES)
14. Establish appropriations of \$19,761,518 in salaries and benefits for Quality First payments based on the Public Safety Group's Fiscal Year 2006-07 fund balance available as follows: District Attorney, \$3,490,743; Sheriff, \$9,315,601; Probation, \$3,882,719; Department of Child Support Services, \$1,264,863; Medical Examiner, \$189,776; Public Defender, \$1,229,361; Public Safety Group Executive Office, \$44,695; Office of Emergency Services, \$68,656; Citizens Law Enforcement Review Board, \$14,918; and Alternate Public Defender, \$260,186. (4 VOTES)
15. Establish appropriations of \$3,000,000 in Contributions to Capital Outlay Fund, Operating Transfer Out, for the Edgemoor Skilled Nursing Facility, based on Fiscal Year 2006-07 General Fund fund balance available. (4 VOTES)
16. Establish appropriations of \$3,000,000 in the Capital Outlay Fund for Capital Project 10000235, Edgemoor Skilled Nursing Facility, based on an operating transfer from the General Fund. (4 VOTES)
17. Transfer appropriations of \$90,000 within the Survey Remonument Fund from Operating Transfer Out to Interdepartmental Expense for survey expenses and related revenue in the Road Fund from Operating Transfer In to Charges in Other Funds/Special Districts to record revenue from the Survey Remonument Fund.
18. Establish appropriations of \$15,000 in the Department of Public Works Road Fund, services and supplies, for the purchase of 800 MHz radios based on fund balance available. (4 VOTES)
19. Establish appropriations of \$20,000 in the Department of Public Works Road Fund, services and supplies, for maintenance and repair agreements for Land Surveying Total Stations based on fund balance available. (4 VOTES)
20. Establish appropriations of \$47,000 in the Department of Public Works General Fund, fixed assets, for the purchase of a filing system based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)

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21. Amend the Fiscal Year 2007-08 Department of Public Works Internal Service Fund Equipment Operations Spending Plan in the amount of \$40,157 in services and supplies for payment to the Department of General Services for Asset Management services based on fund balance available. (4 VOTES)
22. Amend the Fiscal Year 2007-08 Wastewater Enterprise Fund Spending Plan in the amount of \$66,500 for Capital Improvement Program Project 1011533, Division I Signalized Entrance, based on fund balance available.
23. Establish appropriations of \$44,952 in the Wintergardens Sewer Maintenance District for depreciation expense based on fund balance available. (4 VOTES)
24. Establish appropriations of \$425,000 in the Department of Public Works Road Fund, services and supplies, for cashiering/developer deposit support based on fund balance available. (4 VOTES)
25. Establish appropriations of \$200,000 in the Department of Public Works Road Fund, services and supplies, for the electrical upgrade to Division I Headquarters based on fund balance available. (4 VOTES)
26. Cancel appropriations of \$64,896.64 and related Community Development Block Grant (CDBG) revenue in the Capital Outlay Fund for Capital Projects 1006861 – Spring Valley Park Picnic Area/Access Improvements (\$37,719.27) and 1006855 – Live Oak Park Pavilion (\$27,177.37), due to project completion and to allow remaining funds to be returned to the funding source.
27. Cancel appropriations of \$45,000 and related operating transfer from the Fallbrook Park Land Dedication Ordinance (PLDO) Fund in the Capital Outlay Fund for Capital Project 1010185, Clemmens Lane Park Acquisition, to provide funds for the Clemmens Lane Park Design project.
28. Establish appropriations of \$45,000 in the Capital Outlay Fund for Capital Project 1011719, Clemmens Lane Park Design, based on an operating transfer from the Fallbrook PLDO Fund. (4 VOTES)
29. Cancel appropriations of \$27,159.54 and related revenue from the Sale of Fixed Assets (\$15,452.75) and related operating transfer from the General Fund (\$11,706.79) in the Capital Outlay Fund for Capital Project 1005265, Santa Maria Creek Acquisition Phase II, due to project completion and to provide funds for the Santa Maria Creek Restoration and Trail Development project.
30. Establish appropriations of \$27,159.54 in the Capital Outlay Fund for Capital Project 1005266, Santa Maria Creek Restoration and Trail Development, based on funds made available by the cancellation of revenue from the Sale of Fixed Assets in Capital Project 1005265 (\$15,452.75) and an operating transfer from

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the General Fund (\$11,706.79). (4 VOTES)

31. Establish appropriations of \$801,138 in the Capital Outlay Fund for Capital Project 1011720, Trans-County Trail Acquisition (\$501,138) and Capital Project 1011721, Trans-County Trail Development (\$300,000), based on Proposition 40 Per Capita grant funds. (4 VOTES)
32. Establish appropriations of \$74,000 in the Fallbrook PLDO Fund Operating Transfer Out, for the Live Oak Park Pavilion Phase II project, based on fund balance available. (4 VOTES)
33. Establish appropriations of \$74,000 in the Capital Outlay Fund for Capital Project 1011722, Live Oak Park Pavilion Phase II, based on an operating transfer from the Fallbrook PLDO Fund. (4 VOTES)
34. Cancel appropriations of \$91,648 and related revenue from the Sale of Fixed Assets in the Capital Outlay Fund for Capital Project 1000207, Sweetwater Summit Campground and Local Park Improvements, to correct the project budget.
35. Cancel appropriations of \$316,353.80 and related operating transfer from the General Fund in the Capital Outlay Fund for Capital Project 1004978, Tijuana River Valley Habitat/Trail Restoration, due to project completion and to provide funds for the Tijuana River Valley Trail Construction project.
36. Establish appropriations of \$316,353.80 in the Capital Outlay Fund for Capital Project 1011723, Tijuana River Valley Trail Construction, based on an operating transfer from the General Fund. (4 VOTES)
37. Establish appropriations of \$35.43 in the Capital Outlay Fund for Capital Project 1000072, North County Animal Shelter, based on fund balance available. (4 VOTES)
38. Establish appropriations of \$3,000 in the Ramona PLDO fund, Interdepartmental Expense, for local park planning activities, based on fund balance available. (4 VOTES)
39. Establish appropriations of \$6,000 in the Fallbrook PLDO fund, Interdepartmental Expense, for local park planning activities, based on fund balance available. (4 VOTES)
40. Establish appropriations of \$6,100 in the Valley Center PLDO fund, Interdepartmental Expense, for local park planning activities, based on fund balance available. (4 VOTES)

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41. Establish appropriations of \$3,000 in the Pauma PLDO fund, Interdepartmental Expense, for local park planning activities, based on fund balance available. (4 VOTES)
42. Establish appropriations of \$8,392.40 in the Park Land Dedication Ordinance (PLDO) Interest fund, Operating Transfer Out, for transfer to various PLDO funds. (4 VOTES)
43. Establish appropriations of \$8,392.40 for park improvements and land acquisitions based on an operating transfer from the PLDO Interest fund in the following PLDO funds: Lincoln Acres (\$10.67), Sweetwater (\$79.42), Otay (\$0.04), Jamul (\$723.72), Spring Valley (\$119.19), Lakeside (\$480.44), Crest (\$181.29), Alpine (\$358.58), Ramona (\$521.50), Escondido (\$496.33), San Marcos (\$397.54), San Dieguito (\$2,170.62), Carlsbad (\$33.21), Fallbrook (\$419.69), Bonsall (\$293.17), Vista (\$502.04), Valley Center (\$666.21), Pauma Valley (\$249.04), Palomar/Julian (\$47.92), Laguna/Mountain Empire (\$283.52), Anza Borrego (\$178.12), Central Mountain (\$136.62), Oceanside (\$2.55), and Valle de Oro (\$40.97). (4 VOTES)
44. Establish appropriations of \$774,552 in the Department of Environmental Health to reflect the final negotiated amounts of revenue agreements for Fiscal Year 2007-08 based on unanticipated revenue from the State Water Resources Control Board (\$545,643) and the California Department of Health Services (\$228,909). (4 VOTES)
45. Authorize the Auditor and Controller to increase the fund balance designation within the General Fund for Environmental Health by \$635,423 based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available.
46. Establish appropriations of \$80,000 in the Department of Environmental Health to assess, monitor, and report nutrient sources and impacts into the Rainbow Creek Watershed based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
47. Establish appropriations of \$200,000 in Contributions to Capital Outlay Fund Operating Transfer Out, for Capital Project 1011719 Otay Valley Regional Park Trail Improvements, based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
48. Transfer appropriations of \$200,000 from the Department of Public Works, General Fund, to Contributions to Capital Outlay Fund Operating Transfer Out, to provide funds for Capital Project 1011719 Otay Valley Regional Park Trail Improvements project.
49. Establish appropriations of \$400,000 in the Capital Outlay Fund for Capital Project 1009268, Otay Valley Regional Park Trail Improvements, based on

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operating transfers from the General Fund. (4 VOTES)

50. Establish appropriations of \$125,000 in the Department of Public Works General Fund, services and supplies, for a Best Management Practices (BMP) stormwater tracking system based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
51. Establish appropriations of \$50,000 in the Department of Agriculture, Weights and Measures, fixed assets, for the purchase of a Test Meter Vehicle based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
52. Establish appropriations of \$100,000 in the Department of Agriculture, Weights and Measures, services and supplies, for the removal of a liquid measure prover at the San Marcos Road Station based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
53. Establish appropriations of \$50,000 in the Farm and Home Advisor, services and supplies, for the Wild Fire Program based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
54. Establish appropriations of \$17,567 in the Farm and Home Advisor, services and supplies, for the storage facility needs based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
55. Establish appropriations of \$24,000 in the Farm and Home Advisor, services and supplies, for security upgrades based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
56. Establish appropriations of \$1,500 in the Farm and Home Advisor, salaries and benefits, for temporary help based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
57. Establish appropriations of \$35,000 in the Farm and Home Advisor, services and supplies, for the Native Habitat Restoration Program based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
58. Establish appropriations of \$50,000 in the Farm and Home Advisor, services and supplies, to assess the Eye Grant problem in Jacumba based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
59. Establish appropriations of \$100,000 in the Department of Planning & Land Use, services and supplies, for KIVA Citizen Initial Deployment and subsequent expansion based on Land Use and Environment Group's Fiscal Year

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2006-07 fund balance available. (4 VOTES)

60. Establish appropriations of \$50,000 in the Department of Planning & Land Use, services and supplies, for a pilot program to provide tablet wireless PCs for field inspector staff based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
61. Establish appropriations of \$50,000 in the Department of Planning & Land Use, services and supplies, for two additional Q-Kiosks for automated customer processing based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
62. Establish appropriations of \$80,000 in the Land Use and Environment Group Executive Office, services and supplies, for consultant services to assist with the FEMA reimbursement of the 2003 and 2007 fires, based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
63. Establish appropriations of \$250,000 in Land Use and Environment Group Executive Office, services and supplies, for consultant services in the reorganization of the land use activities based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
64. Establish appropriations of \$100,000 in the Land Use and Environment Group, salaries and benefits, for temporary extra help to assist with various departments' fiscal reporting and analysis based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
65. Establish appropriations of \$1,000,000 in salaries and benefits in the Department of Planning and Land Use to offset the cost of the Board approved fee waivers as a result of the Harris, Witch and Rice Fires, based on Land Use and Environment Group Fiscal Year 2006-07 fund balance available. (4 VOTES)
66. Ratify the amendment to the Fiscal Year 2006-07 Airport Enterprise Spending Plan, fixed assets, in the amount of \$247,000 for two capital projects based on Federal Aviation Administration grant revenue (\$229,900) and fund balance available (\$17,100).
67. Ratify the amendment to the Fiscal Year 2006-07 Department of Public Works Inactive Waste Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$2,653 for other charges based on fund balance available.
68. Ratify an increase in appropriations of \$5,500 to the Fiscal Year 2006-07 budget for the San Diego County Street Lighting District for routine maintenance based on fund balance available.

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69. Ratify an increase in appropriations of \$889,282 to the Fiscal Year 2006-07 budget for the Department of Public Works Road Fund for Valley Center right-of-way based on fund balance available.
70. Ratify a transfer of appropriations of \$2 within the Fiscal Year 2006-07 budget for the Department of Public Works General Fund from services and supplies to Operating Transfer Out for the Documentum Strategy information services work request.
71. Establish appropriations of \$1,768,903 in salaries and benefits for Quality First payments based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available as follows: Agriculture, Weights and Measures, \$303,600; Environmental Health, \$617,298; Farm and Home Advisor, \$8,200; Parks and Recreation, \$438,805; Planning and Land Use, \$345,000; and Land Use and Environment Group-Executive Office, \$56,000. (4 VOTES)
72. Establish appropriations of \$694,823 in the Library Fund, services and supplies, for maintenance projects based on fund balance available. (4 VOTES)
73. Establish appropriations of \$541,431 in the Library Fund, services and supplies, for one-time computer and materials projects based on fund balance available. (4 VOTES)
74. Establish appropriations of \$160,000 in Contribution to County Library, Operating Transfer Out, for transfer to the Library Fund based on Fiscal Year 2006-07 fund balance available in the General Fund. (4 VOTES)
75. Establish appropriations of \$160,000 in the Library Fund, services and supplies, for improvements to the Solana Beach branch based on an operating transfer from the General Fund. (4 VOTES)
76. Establish appropriations of \$75,000 in the Department of Animal Services, fixed assets, for costs associated with the purchase of one digital x-ray machine based on Community Services Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
77. Re-establish appropriations of \$45,000 in the Department of Animal Services, services and supplies, for costs associated with the purchase of larger replacement cat cages for catteries at the Central Animal Shelter based on Community Services Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
78. Establish appropriations of \$240,000 in the Registrar of Voters, fixed assets, for costs associated with the voting system based on Help America Vote Act grant funding. (4 VOTES)

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79. Authorize the reallocation of up to \$55,000 in Housing and Community Development Community Development Block Grant (CDBG) funds to the City of Solana Beach Castro/Gonzales Street Sidewalks Advance from the CDBG Housing Development Fund.
80. Establish appropriations of \$1,750,000 in the Library Fund, Management Reserves, based on fund balance available. (4 VOTES)
81. Establish appropriations of \$585,091 in salaries and benefits in the Library Fund for Quality First payments based on fund balance available. (4 VOTES)
82. Establish appropriations of \$353,000 in salaries and benefits for Quality First payments based on Community Services Group's Fiscal Year 2006-07 fund balance available as follows: Registrar of Voters (\$85,500), Animal Services (\$205,000), and Community Services Group Office (\$62,500). (4 VOTES)
83. Establish appropriations of \$175,245 in Board of Supervisors District 1 for one-time expenses in salaries and wages based on Finance and General Government Group's Fiscal Year 2006-2007 fund balance available. (4 VOTES)
84. Establish appropriations of \$191,297 in Board of Supervisors District 2 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2006-2007 fund balance available. (4 VOTES)
85. Establish appropriations of \$67,852 in Board of Supervisors District 3 for one-time expenses in salaries and wages based on Finance and General Government Group's Fiscal Year 2006-2007 fund balance available. (4 VOTES)
86. Establish appropriations of \$200,000 in Board of Supervisors District 4 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2006-2007 fund balance available. (4 VOTES)
87. Establish appropriations of \$200,000 in Board of Supervisors District 5 for one-time expenses in services and supplies based on Finance and General Government Group's Fiscal Year 2006-2007 fund balance available. (4 VOTES)
88. Cancel appropriations and related operating transfer from the General Fund of \$3,000,000 in the Capital Outlay Fund for Capital Project 1000178, Fallbrook Library, to correct the project budget.
89. Establish appropriations of \$3,000,000 in the Library Construction Projects Fund, for Capital Project 1000178, Fallbrook Library, to correct the project budget. (4 VOTES)

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90. Authorize the Chief Financial Officer to increase the pay down amount of the 2002 Taxable Pension Obligation Bonds, Series B-1, from \$18 million to \$20 million.
91. Establish appropriations of \$3,365,727 in salaries and benefits for Quality First payments based on the Finance and General Government Group's Fiscal Year 2006-2007 fund balance available as follows: Assessor/Recorder/County Clerk, \$1,277,333; Auditor and Controller, \$710,154; Chief Administrative Office, \$91,732; Civil Service Commission, \$16,208; Clerk of the Board, \$102,567; County Counsel, \$266,598; County Technology Office, \$94,568; Finance and General Government Group Executive Office, \$84,572; Human Resources, \$386,634; Treasurer/Tax Collector, \$335,361. (4 VOTES)
92. Establish appropriations of \$431,791 in salaries and benefits for Quality First payments in County Counsel based on Charges in Internal Service Funds revenue. (4 VOTES)
93. Amend the Fiscal Year 2007-08 Public Liability Internal Service Fund Spending Plan in the amount of \$431,791 for Quality First costs in County Counsel based on fund balance available
94. Establish appropriations of \$76,836 in salaries and benefits for Quality First payments based on the Media and Public Relation's Fiscal Year 2006-07 fund balance available. (4 VOTES)

Fiscal Impact

The funds for a portion of these requests are not budgeted. If approved, these actions will cancel budgeted appropriations and the related sources of funding in the amount of \$4,873,426 and will establish additional appropriations of \$55,136,068, resulting in a net increase in appropriations of \$50,262,642. Funding sources include General Fund Fiscal Year 2006-07 fund balance, Library Fund Fiscal Year 2006-07 fund balance, Road Fund Fiscal Year 2006-07 fund balance, District Attorney's Federal Seized Asset Forfeiture Fund Fiscal Year 2006-07 fund balance, State Water Resources Control Board, the California Department of Health Services, Help America Vote (HAVA) grant funding, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

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FY 2007-08 Fund Balance Projections

For the General Fund, the first quarter projection of year-end fund balance from current year operations is \$75.4 million. It is made up of \$16.9 million in additional General Purpose Revenues, \$25.8 million in net savings from departmental operations, and \$32.7 million in unspent contingency and management reserves. The projected balance for all other funds combined is \$16.4 million. Schedule A summarizes the fund balance projections by Group. The Notes to Schedule A explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through September, 2007 and expected expenditures and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$75.4 million is based on the estimate that expenditures will be \$152.1 million less than budgeted in the Fiscal Year 2007-08 Amended Budget, and revenues will be \$76.7 million less than budgeted in the 2007-08 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year to date changes that have been either approved by the Board or Chief Financial Officer where permitted. The projected revenue under-realization to budget consists of a positive revenue variance of \$17.9 million in the following categories: taxes current property (\$9.0 million), taxes other than current secured (\$6.3 million), fines, forfeitures and penalties (\$1.9 million), and revenue from use of money and property (\$0.7 million), offset by a \$94.6 million negative variance in all other sources of revenues (substantially in intergovernmental revenues and largely the result of expenditure savings in caseload driven programs as well as in other financing sources as a result of a projected shortfall in Proposition 172 sales tax revenues compared to budget).

The lower than budgeted projected expenditures in the General Fund are primarily attributable to the following:

- \$24.3 million in appropriation savings from lower than budgeted salaries and employee benefit costs due to turnover and ongoing recruitment challenges in select classifications.
- \$53.4 million in appropriation savings in services and supplies across the County. In the Health and Human Services Agency, savings are projected in contracted services (e.g., in Behavioral Health Services for delays in Mental Health Services Act (MHSA), Homeless Adult with Mental Illness, and in Early and Periodic Screening, Diagnosis and Treatment (EPSDT), delays in contract implementation for SB 1448 (the Governor's Health Care Initiative), savings associated with the Welfare Case Data Information System, and in CalWORKS employment pay for performance contracts) and in emergency appropriations for bioterrorism.
- \$35.4 million in appropriation savings in other charges reflecting lower than budgeted caseloads and aid payments (e.g., for Child Care payments, CalWORKS, Welfare to Work and General Relief payments based on projected caseloads and in County Child Welfare Services due to decreases in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents, and KinGap due to caseload projections that are less than budget).
- \$5.4 million in appropriation savings in capital assets equipment reflecting the decision

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not to purchase 2,000 additional voting units for the 2008 Election cycle.

- \$1.8 million in appropriation savings from reduced operating transfers out to the In Home Support Services (IHSS) Public Authority due to health benefit costs for IHSS Individual Providers being projected at less than budget.
- \$17.0 million in contingency reserves that are projected to be unspent at year-end.
- \$15.7 million in management reserves that are projected to be unspent across the groups at year-end.

See the Notes to Schedule A for a description of significant variances by department.

The Economy

The U.S. economy's Gross Domestic Product (GDP) growth for 2006 was a revised 2.9%, versus an adjusted 3.1% growth in 2005 and 3.6% in 2004. A GDP growth rate of 2.0% is forecasted for 2007. First quarter 2007 growth of 0.6%, was followed by 3.8% in the second quarter of 2007. A preliminary GDP growth rate of 4.9% for the third quarter of 2007 was recently released on November 29. This showed an improvement from the advance estimate of 3.8% for the third quarter. Final figures for the third quarter will be released on December 20. The third quarter increase in GDP reflected a positive contribution from exports, personal consumption expenditures for services, governmental spending and non-residential structures. This was partially offset by a negative contribution from residential fixed investment. Projected growth for the fourth quarter of 2007 is 1.5%. The downturn in the housing market presents a continued drag for 2007 and the first half of 2008. Some significant risks facing the U.S. economy include the slowing housing market (including turmoil in the sub-prime mortgage market), the federal budget deficit, relatively high core inflation, and continued volatility in oil prices.

California's economy, like the U.S. economy, grew at a healthy rate in 2006. California payroll jobs experienced growth of 1.9%; the job growth also contributed to real personal income growth of 2.9%; and adjusted taxable sales grew 1.9%. The unemployment rate has continued to decline, dropping down to 4.9% in 2006, versus 5.4% in 2005, 6.2% in 2004, and 6.8% in 2003.

The housing boom, which has been a major driver of both the California and U.S. economies, has faded, and the "housing construction/real estate" slowing is contributing to overall slowing in the growth of the State economy in 2007. The gross state product projected growth in 2007 is 3.4%, down from 4.2% in 2006, 3.8% 2005 and 4.9% in 2004. While wholesale and retail trade, finance, professional and technical services, and administrative support contributed to overall job growth in 2006, the slowing in the housing market is impacting construction and finance jobs in 2007. For 2007, slower growth rates are estimated - job growth is projected at 1.3%, taxable sales will grow at 1.1%, and personal income is anticipated to grow at 2.6%.

San Diego's economy has continued to enjoy economic stability in recent years. This is reflected in the annual unemployment rate which was estimated at 4.2% for the 12-month period of September 2006 through August 2007. This remains lower than the State rate for 2006 of 4.9%, the 2007 projected State rate of 5.2%, the national rate for 2006 of 4.6%, and the 2007 projected national rate of 4.6%. San Diego's median household income was \$51,012 in 2004, \$56,335 in 2005, and \$59,591 in 2006 as measured by the U.S. Census Bureau.

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An ongoing troubling aspect of the local economy is San Diego's housing affordability. The California Association of Realtors has established a new index for first-time buyers throughout California. The percentage of households that could afford to buy an entry-level home in San Diego stood at 23% in June 2007, unchanged from December 2006, but up from 21% in June 2006, while previously at 23% in June 2005. This index is based on an adjustable rate mortgage assuming a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. Another trend the County is watching closely is the number of foreclosures compared to notices of loan default and also compared to deeds recorded. Foreclosures compared to notices of loan default averaged approximately 11.6% in 2003, 2004 and 2005. However, this percentage jumped to 20.0% in 2006 and is at 37.0% through October 2007. Foreclosures compared to total deeds recorded averaged 0.3% over the three-year period 2003, 2004 and 2005. This percentage increased to 1.3% in 2006 and it is at 5.7% through October 2007.

California Budget Outlook

On August 21 the Legislature passed the 2007-08 Budget Bill and on August 24, 2007, the Governor signed the 2007-08 Budget Act. The budget package authorizes total General Fund spending of \$102.3 billion. The Budget included some program expansions, but also contained a number of budget-balancing actions, including a major redirection of transportation funds and reductions in social services. In 2007-08, budgeted expenditures do not exceed revenues; however, many of the solutions enacted in the budget plan are one-time in nature.

The 2007-08 budget plan enacts a major policy change under which nonviolent juvenile offenders would no longer be held at state juvenile facilities and new grant programs would be created to support programs for these offenders at the local level. In addition, Health Care Reform continues to be a high priority topic in the State legislature and Governor's office. The topic contains a number of fiscal risks, uncertainties, and opportunities for local counties. The County is actively engaged in these discussions and is monitoring the potential impact closely.

California's Legislative Analyst released the 2007-08 through 2012-13 Fiscal Outlook on November 15, 2007. This report reflects key changes that have occurred since August 2007 and updated revenue and expenditure forecasts. Based on this analysis the State faces a 2007-08 year-end deficit of \$1.9 billion. It is also projected that the state will face operating shortfalls of approximately \$8.0 billion in both 2008-09 and 2009-10. The current year deterioration is due to continued softness in the state's economy lowering the forecast revenues, lower property taxes, driving state General Fund spending on K-14 education upwards, a likely delay in the sale of EdFund and a reduction in anticipated revenues, and court-ordered payments to the state's teacher retirement system.

Firestorm 2007

With respect to the October 2007 Firestorm, County employees have worked tirelessly during this crisis situation. It is estimated that over 1,880 residential, commercial and industrial units were damaged or destroyed as a result of these tragic fires. Recovery efforts and ongoing emergency planning efforts are a top priority for the County.

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A number of actions have already been submitted to the Board of Supervisors (including the October 24, 2007 recommendation to ratify the Proclamation of Local Emergency, the November 6, 2007 recommendations for Debris Removal to Protect the Public Health, Safety, and Welfare, and the November 7 recommendations for Emergency Work to Control Erosion). Further actions will be brought to the Board as needed.

FY 2006-07 Budget Adjustments

The budget adjustment recommendations in this letter are explained below.

Recommendations 2 - 4

On May 2, 2000 (23), the Board authorized the establishment of a Sheriff's Department fund balance designation to begin funding long-term needs for fixed assets, replacement equipment and other capital expenditures. These requests will establish appropriations of \$2,000,000 in the Justice Facility Construction Fund Capital Project 1000159, Las Colinas Women's Detention Facility, based on operating transfer from the General Fund. The \$2,000,000 will be used for completion of the environmental documentation and to begin the programming/design phase for the replacement of the Las Colinas Detention Facility. After this action, a balance of \$4,000,000 will remain in the Sheriff's Designation.

Recommendation 5

This request will establish appropriations of \$44,100 in the Sheriff's Department based on unanticipated revenue from the San Diego Superior Court. The Superior Court along with other tenants at the Hall of Justice share costs for private security costs at the Hall of Justice parking structure. The Memorandum of Agreement assigns the Sheriff's Department as the primary point of contact and authorizes the Sheriff's Department to pay the Superior Court's portion of the private security billing and obtain reimbursement of those payments.

Recommendation 6

This request will establish appropriations of \$45,000 in the Sheriff's Department based on funding from 2007 Domestic Cannabis Eradication/Suppression Program (DCE/SP). On August 3, 2007, the Sheriff's Department received an amended 2007 Letter of Agreement from the Drug Enforcement Administration (DEA) to increase DCE/SP funding to support Operation Green Sweep. On May 7, 2002 (5) the Board authorized the Sheriff to execute any annual extension, amendments and/or revisions thereof that do not materially impact or alter either the program or funding level. The Board also authorized the Sheriff on behalf of the County of San Diego to execute the annual agreements with the DEA and any local law enforcement agencies regarding marijuana eradication. The funds will be used for overtime for the Narcotics Task Force (NTF) members, including overtime for NTF members contracted from local law enforcement agencies.

Recommendations 7 & 8

These requests will establish additional appropriations of \$550,000 in the Justice Facility Construction Fund for the Sheriff's Alpine Station, Capital Project 1006589. This addition will support the acquisition of a new generator required as the emergency back-up power source and site work for additional retaining walls and storm water requirements. These recommendations will increase the project budget to \$6,550,000. Approximately \$4,300,000 has been spent to date on building acquisition, design and project management.

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Recommendation 9

This request is to establish appropriations of \$2,224,495 in the District Attorney's Office based on Public Safety Group's Fiscal Year 2006-07 fund balance available. This will fund one-time purchases and installation of IT network equipment to refresh and support current business requirements. The refresh and upgrade of the District Attorney's Office network includes a redesign of the Hall of Justice network architecture to replace equipment that is at the end of its maintenance support life and the execution of a business impact analysis to implement an IT Disaster Recovery Plan in support of the Continuity of Operations Plan.

Recommendation 10

This request will transfer appropriations of \$164,025 from the District Attorney to the Sheriff to provide the District Attorney's contribution for costs associated with the Gigabit Ethernet service, GigaMAN. The District Attorney joined the Sheriff's existing GigaMAN network, a highly secure law and justice network infrastructure which links strategic County facilities throughout the County of San Diego. The Gigabit Ethernet service provides increased bandwidth and server capacity to accommodate electronic communication and data storage advancements made in the District Attorney's Office. In addition, the Gigabit Ethernet service will support the growing need for electronic communications between the District Attorney's outlying branch offices, as well as with other criminal justice partners.

Recommendations 11 & 12

The District Attorney's Office receives reimbursement for state mandated child abduction and recovery services. Pursuant to Proposition 1A, the state must repay local agencies within 15 years for unreimbursed costs for state mandated activities. In Fiscal Year 2006-07, the State made payments for Fiscal Year 2005-06 and 2006-07, making payment for 2006-07 one year earlier than usual. This payment was received late in the fiscal year as unanticipated revenue and became Public Safety Group Fund Balance. In the final State budget for Fiscal Year 2007-08, the payment cycle for mandated activities was changed from estimated payments to payments in arrears, resulting in no anticipated payment in one fiscal year, Fiscal Year 2007-08. These requests will cancel appropriations based on the revenue budgeted Fiscal Year 2007-08 and will re-establish appropriations based on Public Safety Group Fiscal Year 2006-07 fund balance for the one Fiscal Year in which the State will not make a payment.

Recommendation 13

This request is to establish appropriations of \$900,000 for various one-time services and supplies and contribution to other agencies based on fund balance available in the Federal Seized Asset Forfeiture Fund. Approximately \$588,000 will be used for equipment upgrades and enhancements to be used in the course of investigative and prosecutorial activities including the purchase of laptops, cameras, radios, ammunition, safety vests, and other law enforcement equipment. An additional \$10,000 will be used to co-sponsor the 7th Bi-National Conference on International Child Abduction to be held in San Diego County. The Conference brings together law enforcement professionals who share information and strengthen efforts to return abducted children across international borders. Also \$20,000 will support the annual Citizens of Courage Awards event which highlights the courage of crime victims. In addition, \$282,000 will be distributed to various community agencies that provide crime suppression, intervention and prevention services.

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Recommendation 14

This request will establish appropriations of \$19,761,518 in salaries and benefits in various Public Safety Group departments to fund Quality First payments based on Public Safety Group's Fiscal Year 2006-07 fund balance available.

Recommendations 15 & 16

These recommendations will establish additional appropriations of \$3.0 million to pay for increased design and construction costs for the new skilled nursing facility. Carrier Johnson was hired to replace the original architects of record, Anshen + Allen, and have provided architectural services which have included an independent architectural, mechanical and structural design analysis of the plans and specifications prepared by Anshen + Allen. Working in conjunction with the general contractor, this ongoing review and analysis has disclosed, and continues to disclose, a multitude of design errors and deficiencies which have resulted in revisions to 100% of the structural plans and one third of the overall drawings prepared by Anshen + Allen and has resulted in substantial contract change orders and additional construction costs to the County.

Recommendation 17

This recommendation will transfer appropriations of \$90,000 and budgeted revenue to the appropriate accounts in the Survey Remonument Fund and Road Fund in order to align the Fiscal Year 2007-08 budget with expenditures and revenue related to survey services provided by the Road Fund. These transfers are necessary in order to comply with the State Controller's Manual.

Recommendation 18

This request will establish appropriations of \$15,000 based on the Department of Public Works Road Fund fund balance available to pay for the 800 MHz radios which will allow Private Development Construction Inspection (PDCI) staff to communicate from areas where cellular phone coverage has been interrupted or is not available. These radios will help the PDCI team expedite evaluation and recovery efforts during emergency or disaster events and ensure reliable communication is available everyday.

Recommendation 19

This request will increase appropriations of \$20,000 based on the Department of Public Works Road Fund fund balance available for costs associated with the maintenance and repair of Land Surveying Total Stations, specialized equipment for performing field tasks for construction staking and property surveys and providing surveying capabilities for crime scene investigations conducted by the Sheriff.

Recommendation 20

This request will establish appropriations of \$47,000 in the Department of Public Works General Fund to correct a year-end accounting error. An encumbrance related to the purchase of a filing system was inadvertently cancelled at year-end, therefore, the appropriations did not carry forward in to the current fiscal year. This action will re-establish the appropriations needed for the encumbrance.

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Recommendation 21

This recommendation amends the Fiscal Year 2007-08 Internal Service Fund Spending Plan in the amount of \$40,157 based on the Public Works Internal Service Fund Equipment Operation's fund balance available for a greater than budgeted cost for asset management services from the Department of General Services, Fleet Division. The cost for Asset Management services is recovered by a per vehicle annual charge that includes the cost of providing equipment acquisition services, vehicle receiving/disposal, licensing, car washes and automated database support.

Recommendation 22

This recommendation amends the Fiscal Year 2007-08 Wastewater Operations and Maintenance Fund Spending Plan in the amount of \$66,500 based on their fund balance available for Wastewater's portion of the cost of Capital Improvement Program Project 1011533 Division I Headquarters Signalized Entrance. The entrance to the County's Wastewater Operations facility is a non-signalized driveway off of Campo Road (Highway 94) in Rancho San Diego. Currently large County vehicles are forced to travel long distances around or through adjacent shopping centers to access the driveway to the facility. Installation of a signalized intersection and driveway modifications will allow safe protected vehicle access to the Wastewater Operations facility.

Recommendation 23

These recommendation increases appropriations of \$44,952 based on Wintergardens Sewer Maintenance District's fund balance available for depreciation expenditures for equipment, structures, infrastructure, sewage treatment facilities and wastewater sewer conveyance system.

Recommendation 24

This recommendation increases appropriations of \$425,000 based on the Department of Public Works Road Fund fund balance available for cashiering and developer deposit support for the Department of Public Works Land Development. Cashiering and developer deposit support is crucial to Land Development and is centralized in the Department of Planning and Land Use and Environment Group. Cashiering/Developer Deposit support includes maintaining awards and ensuring appropriate funding of those awards, processing refunds, processing transfers of money from one award to another, processing ownership changes, answering calls on the Developer Deposit hotline, printing and mailing statements and managing the Accounts Receivable Oracle Module for Developer Deposits. These services are provided by the Department of Planning and Land Use.

Recommendation 25

This recommendation increases appropriations of \$200,000 based on the Department of Public Works Road Fund fund balance available for the electrical upgrade to Division I headquarters necessary for an equipment wash rack installation. Division I Headquarters, built over 40 years ago, has undergone numerous changes to its facilities, including the addition of new buildings, as well as modifications and upgrades to existing structures. An electrical upgrade will bring more power to the entire Division I site to serve the required addition of an equipment wash rack for stormwater compliance

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Recommendation 26

This requested action will return remaining Community Development Block Grant funds to the Department of Housing and Community Development (HCD) for reallocation to other projects. These Capital Projects were budgeted for park improvements at Spring Valley and Live Oak. The projects were completed in July 2007 and the remaining funds for each can now be reallocated to other projects by HCD. Please refer to Schedule C for a listing of completed capital projects.

Recommendations 27 & 28

On April 18, 2007 (7) the Board authorized the purchase of a .56-acre vacant site in the Fallbrook area for development of an active neighborhood park for Capital Project 1010185, Clemmens Lane Park Acquisition. Funding for the acquisition was provided by Proposition 12 grant funds and Community Development Block Grant (CDBG) funds. In addition, \$100,000 of Fallbrook PLDO funds was appropriated into the project to be used for project design and construction. Funding for the Clemmens Lane Park Acquisition is no longer needed and the Fallbrook CSA 81 Advisory Group authorized the transfer of \$45,000 remaining PLDO funds to Capital Project 1011719, Clemmens Lane Park Design, for project design and construction.

Recommendations 29 & 30

Capital Project 1005265, Santa Maria Creek Acquisition Phase II, was completed in June 2005. These requested actions will transfer all available funding in Capital Project 1005265, Santa Maria Creek Acquisition Phase II to Capital Project 1005266, Santa Maria Creek Restoration and Trail Development to supplement existing project funds for the rehabilitation and restoration of trails. Please refer to Schedule C for a listing of completed capital projects.

Recommendation 31

This requested action will establish appropriations in Capital Project 1011720, Trans-County Trail Acquisition (\$501,138) and Capital Project 1011721, Trans-County Trail Development (\$300,000), based on Proposition 40 Per Capita grant funds. Funding for these capital projects will be used for preliminary costs related to acquisition activities and trail alignment purposes in the vicinity of the County of San Diego's Oakoasis, Boulder Oaks, and El Capitan Preserves for ultimate connection to the Cleveland National Forest. These funds will also be used for costs related to the re-construction of existing and construction of new segments of the Trans-County Trail.

Recommendations 32 & 33

These requested actions will establish appropriations in Capital Project 1011722, Live Oak Park Pavilion Phase II, based on Fallbrook PLDO's fund balance available for replacement of a pavilion at Live Oak Park in Fallbrook. Project costs will include demolition and disposal of an existing asphalt path and replace with a concrete sidewalk, a new shade pavilion, electrical improvements, stainless steel sink furnished and installed at the existing restroom, water connection, trash receptacles, utilities, and other related improvements. On October 6, 2006 and on March 15, 2007, the Fallbrook County Service Area (CSA) 81 Advisory Group approved the allocation of \$50,000 and \$24,000 respectively in the Fallbrook PLDO Fund for total project costs of \$74,000.

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Recommendation 34

This capital project was established in the 1980's for the purpose of building park facilities and campground improvements at the Sweetwater Summit Park. Over the years appropriations have been established from various funding sources. In reconciling the funding sources to the available appropriations, it has been determined that \$91,648 of funding from the Sale of Fixed Assets will not be realized. It can not be determined by staff, when the appropriations and related revenue were established, therefore this request will correct the project appropriations and related funding sources.

Recommendations 35 & 36

Capital Project 1004978, Tijuana River Valley Habitat/Trail Restoration, was completed in June 2007. These requested actions will transfer all available funding in Capital Project 1004978, Tijuana River Valley Habitat/Trail Restoration to Capital Project 1011723, Tijuana River Valley Trail Construction. The Tijuana River Valley Trail is now ready for the construction phase which will include completion of construction documents for development of a 21-mile trail system and related improvements. Please refer to Schedule C for a listing of completed capital projects.

Recommendation 37

Several set up and system issues in Oracle caused Internal Agreements not to process successfully at the end of Fiscal Year 2006-07. Therefore, an adjustment was entered in Fiscal Year 2007-08 to transfer cash and the associated expenditure and revenue between departments. The adjustment caused Capital Project 1000072, North County Animal Shelter, to exceed its budget. This request will appropriate funds based on the Capital Outlay Fund's fund balance available to align the budget with the associated expenditure.

Recommendations 38 - 41

The PLDO funds were established to fund local park projects within the 24 Local Park Planning Areas (LPPA). Department of Parks and Recreation staff time is required for park planning activities, which are not related to specific Capital projects. This staff time is charged by way of Internal Agreements directly to each PLDO fund for each LPPA. The requested actions are needed to transfer funds to the appropriate PLDO accounts so that Internal Agreements can be funded based on each PLDO's fund balance.

Recommendations 42 & 43

Fees are collected and deposited in the PLDO funds for park improvements and land acquisitions. It was discovered that park and developer fees were inadvertently deposited in the PLDO Interest fund along with earned interest. To correct this error, \$8,392.40 will be distributed to the various PLDO accordingly.

Recommendation 44

This recommendation is needed to adjust budgeted revenue and appropriations to reflect the final negotiated amount of revenue agreements for Fiscal Year 2007-2008. On May 23, 2007 (8) the Board authorized the Department of Environmental Health to execute a revenue agreement with the State of California Water Resources Control Board to fund the Local Oversight Program and oversee remedial action and cleanup from underground storage tank leaks and to execute any

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extensions, amendments, and or revisions thereof that do not materially impact or alter either the program or funding level. On June 20, 2007 (8) the Board also authorized the execution of a two-year revenue agreement with the California Department of Health Services, Radiological Health Branch, to enforce the Radiation Control Law in San Diego County and to execute any amendments, extensions, and/or revisions thereof that do not materially impact or alter either the program or funding level.

Recommendation 45

On February 24, 2004 (23), the fund balance designation for the Department of Environmental Health (DEH) was established. This designation ensures that revenue from fees and permits over the cost paid by Environmental Health customers are used only to fund fee-related expenses in DEH. For Fiscal Year 2006-07, this excess revenue equaled \$635,423. This action does not move funds into the Department of Environmental Health. If approved the total amount in this fund balance designation will be \$7,111,309.

Recommendation 46

Regional Water Quality Control Board named the County as lead in the Rainbow Creek Total Maximum Daily Load (TMDL). The County is obligated to assess, monitor, and report nutrient sources and impacts into the Rainbow Creek Watershed. If approved, this recommendation will establish necessary funds for the Department of Environmental Health (DEH) to participate in the development of the Nutrient Reduction Management Plan, ongoing TMDL implementation, the review of TMDL implementation documents, and in the production of an annual inventory of all septic systems in the watershed and enforcement.

Recommendations 47 - 49

The project scope for the Otay Valley Regional Park (ORVP) includes the construction of a 9-mile trail system for hiking, bicycling, and equestrian use, and includes interpretive signage to interpret river/stream restoration and other conservation activities. The total increase to the project of \$400,000 will provide for the continued work on the project design and provide design support during the construction of this unique project. These recommendations will increase funding to the project by providing \$200,000 of Land Use and Environment Group's Fiscal Year 2006-07 fund balance available and a \$200,000 appropriation transfer from the Department of Public Works. The Department of Public Works inadvertently budgeted this amount in the 2007-08 Operational Plan for work to be done by the department on this project in their departmental budget. In order for the costs to be capitalized to the project, the appropriations need to be budgeted in the Capital Outlay Fund and therefore are being transferred.

Recommendation 50

The new Regional Water Quality Control Board Permit (RWQCB) requires annual and five year inspections located throughout the County. This recommendation will add funding for a system that inventories Best Management Practices, and tracks and schedules both maintenance and inspections in perpetuity. In July 2007 the department's Business Process Review with Northrup Grumman on this Best Management Practice (BMP) tracking issue identified modifying the existing KIVA program as the best tool for tracking and managing BMPs. This modification is necessary for providing supporting documentation to comply fully with the new RWQCB permit.

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Recommendation 51

This recommendation will establish appropriations of \$50,000 for the purchase of a fuel meter vehicle. Using vehicle mounted equipment reduces the likelihood of personal injury to staff as the current method requires an employee to manually empty 5-gallon containers back into the underground storage tank.

Recommendation 52

This request will establish appropriations of \$100,000 for the removal of a liquid gasoline prover at the San Marcos Road Station. The prover is no longer being used because the Department has acquired mobile equipment so testing can be conducted at the customers' location. Removal of the prover will allow the Department of Public Works to maximize the limited space at the road station and provide a safer environment for maneuvering large pieces of equipment.

Recommendation 53

This recommendation will increase appropriations of \$50,000 to provide local residents relevant information and easy access to information through a new Wildfire Information Website, workshops, demonstrations, vegetation management research, and a media public relations campaign. The Cooperative Extension will utilize our technical and expert resources to increase community awareness of wildfire risks and hazards to life and property.

Recommendation 54

This request will establish appropriations of \$17,567 for a new rental storage facility in San Marcos for the Master Gardener Program. This rental storage will replace the Farm and Home Advisor's storage space in Building 11 at the County Operation Center in San Diego.

Recommendation 55

This request will establish appropriations of \$24,000 for the purchase and installation of 6 "cipher" style locks on exterior office doors at the Farm and Home Advisor. This equipment will assist with maintaining a more secure office environment while reducing risks and hazards.

Recommendation 56

This request will establish appropriations of \$1,500 to allow for the hiring of a student assistant to assist in developing water-wise and fire-tolerant plant list. This information will be disseminated in the outreach and education programs of the Farm and Home Advisor.

Recommendation 57

This request will establish appropriations of \$35,000 to allow the collaboration of our local Farm and Home Advisor with the UC Riverside scientists to evaluate re-planting techniques to encourage native plant growth for fire-burned parks.

Recommendation 58

Areas in Jacumba are experiencing problems with gnats attacking eyes of residents. This request will establish appropriations of \$50,000 to allow the Farm and Home Advisor to work with scientists from the UC Riverside to assess the situation, identify possible solutions, and work with the community to address this issue.

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Recommendation 59

The Department of Planning and Land Use (DPLU) closed two of its satellite offices on June 15th, 2007. The closure of these facilities impacted DPLU's Building and Code Enforcement Divisions and the customers they serve. At the direction of Supervisor Jacob, the Chief Administrative Officer and County Technology Office are working together to identify and implement systems that enable the public to submit land use permit applications for review and issuance from remote locations/online to improve customer service. This action will enable customers to query and self check status permits online through use of a public facing permitting system called KivaNet.

Recommendation 60

Wireless tablet PCs provide field inspection staff the ability to capture accurate and timely information on building inspections, optimize work loads, and react to changes in the field through the use of mobile based computing. Accela Wireless provides a platform for secure, wireless inspection activities including inspection schedules, data input and signoff, and creation of unscheduled inspections in the field. This will enhance customer service and provide many benefits in efficiency and quality.

Recommendation 61

Q-Matic is the line-queue management system currently used for routing customers at the County Operation Center Annex for all Land Use and Environment Group departments. This system validates customer permit information directly against the Land Use and Environment Group permitting system KIVA, and delivers information regarding the permit process (e.g. wait times, amount & type of transactions at counter). Implementation of these additional kiosks will allow continued integration with the existing KIVA permitting system and Web based monitoring tool which allows staff to monitor counter operations.

Recommendation 62

If approved, this request will make the necessary funds available to continue to maximize the County's reimbursement from FEMA for the Firestorm 2003 and 2007. Hiring the services of an expert, knowledgeable in the federal and state government's regulations and administrative process is necessary to accomplish this goal.

Recommendation 63

This request will increase appropriations of \$250,000 for the payment of consultant services related to the reorganization of the County's land use activities. This reengineering effort will improve customer service, improve the quality and completeness of work and ensure that the land development process promotes safe and livable communities. The end product will be a more efficient and responsive program for the residents of this community.

Recommendation 64

Additional staff is required temporarily to perform various tasks such as reconciling and balancing reports and to provide analysis for various departments in the Land Use and Environment Group. In addition, recent internal audit findings have cited the need for additional staff to cover backlog in work and to assist in the current temporary manual system adjustments.

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Recommendation 65

On October 24, 2007, (Off-Docket #2) the Board adopted a resolution declaring the rebuilding of structures damaged in the Harris, Witch and Rice Canyon fires to be eligible for permit fee waivers. The fee waivers apply only to legally built structures in the unincorporated area affected by the Harris, Witch and Rice Canyon Fires. These monies will allow the department to continue to provide the necessary services to the impacted victims of this latest incident at no cost to them.

Recommendation 66

This recommendation ratifies the amendment to the Fiscal Year 2006-07 Airport Enterprise Spending Plan in the amount of \$247,000 based on Federal Aviation Administration grant revenue (\$229,900) and Airport Enterprise Fund's fund balance available (\$17,100) for projects at the Palomar and Borrego Airports. Unanticipated work estimates and change orders to the North Ramp project at Palomar Airport in the amount of \$242,000 were not received until late June 2007. Additional work consisted of a new fence, an electrical vault relocation, Federal Aviation Administration equipment and communication relocation, and establishing San Diego Gas & Electric power to an electrical vault. An additional \$5,000 related to costs from internal agreements for the Borrego Valley Airport. These were technical adjustments to align appropriations with expenditures in Fiscal Year 2006-07.

Recommendation 67

This recommendation ratifies the amendment to the Fiscal Year 2006-07 Department of Public Works Inactive Waste Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$2,653 based on their fund balance available for increased depreciation costs related to an increased purchase price of new equipment. This was a technical adjustment to align appropriations with expenditures during the year.

Recommendation 68

This recommendation ratifies an increase in appropriations to the Fiscal Year 2006-07 budget for the San Diego County Street Lighting District based on their fund balance available to align appropriations with services provided during the year.

Recommendation 69

This request ratifies an increase in appropriations of \$889,282 to the Fiscal Year 2006-07 Department of Public Works Detailed Work Program for right-of-way costs related to Valley Center North. The total settlement costs exceeded the amount deposited with the Superior Court for Valley Center Road right of way purchases by \$960,062. This amount was not known until the year-end reconciliation and when the Deposits with Others account was properly reclassified to expenditure account, Right of Way, therefore, it was too late to request Board approval to increase appropriations for these costs.

Recommendation 70

This recommendation is a technical adjustment to align appropriations with expenditures during Fiscal Year 2006-07.

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Recommendation 71

This request will establish appropriations in various departments in the Land Use and Environment Group for Quality First payouts based on Fiscal Year 2006-07 fund balance available.

Recommendation 72

This request will establish appropriations of \$694,823 Library Fund for the urgently needed enhancement of the HVAC system for the San Marcos Branch Library and small needed maintenance projects for ripped carpeting and sound control in the older library facilities. The current HVAC system controls are operated by the City of San Marcos, whose facilities are not open on weekends and in evenings. Addition of separate controls using current technology will result in a more comfortable library environment.

Recommendation 73

This request will establish appropriations of \$541,431 for the purchase of a print and copy control and a cashiering system. This amount was budgeted last fiscal year, however, the funds were not spent. This action will re-establish the appropriations and allow the San Diego County Library to target materials development in needed areas and thereby improve the services available to the public.

Recommendations 74 & 75

These requests provide funding of \$160,000 for enhancements to the sound and lighting systems at the Solana Beach branch library and a mosaic mural based on Fiscal Year 2006-07 General Fund fund balance. The branch has a lot of sound-reflective surfaces and is comparatively noisy because of the reflected sound. In addition, the level of lighting is low in many areas of the branch. This item would pay for expert assessments and remediation (\$65,000 for the sound system and \$60,000 for lighting). The mosaic mural (\$35,000) will be installed on the wall between the library and school.

Recommendations 76 & 77

This request will establish appropriations of \$120,000 based on fund balance for one-time expenditures for a digital X-ray machine (\$75,000) and for new cat cages for the Central Animal Shelter located at Gaines Street (\$45,000). Only two of the three Animal Services shelters have x-ray capabilities. The purchase of the new machine will allow the Department of Animal Services to transfer an existing machine to the Bonita shelter to improve their animal health care capabilities. The new, enlarged cat cages will allow for cats and kittens to be sheltered more comfortable and safely. This request is due to the age of the current cages and the high volume of cats at the Central animal shelter.

Recommendation 78

This request will establish appropriations of \$240,000 in the Registrar of Voters to correct a year-end accounting error. An audit recommendation directed the transfer of appropriations and re-categorization of expenditures for voting system equipment from fixed assets to minor equipment. During the process of reclassifying the encumbrance to the appropriate account, the encumbrance was inadvertently cancelled at year-end, therefore, the appropriations did not carry

SUBJECT: FISCAL YEAR 2007-08 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS

forward to the current fiscal year. This action will re-establish the appropriations needed for the encumbrance.

Recommendation 79

The City of Solana Beach has requested an advance of approximately \$55,000 in Community Development Block Grant (CDBG) funds for the multiyear Solana Beach Castro/Gonzales Street Sidewalks project from the CDBG Housing Development Fund. The advanced funds would supplement the City's existing Fiscal Year 2006-07 (\$54,658) and Fiscal Year 2007-08 (\$54,323) CDBG allocations for the Castro/Gonzales Street Sidewalks project, would reduce the inefficiency of multiple construction contracts, and would allow construction to proceed at an earlier date. Although final entitlement figures for Fiscal Year 2008-09 are not yet known, it is proposed that all of the City's Fiscal Year 2008-09 entitlement would reimburse the County CDBG program for the advance and would not be available for additional activities. If the advance is approved, allocations for the Solana Beach Castro/Gonzales Street Sidewalks project would total up to \$163,981. Therefore, in order to reduce the inefficiency of multiple construction contracts and allow construction to proceed, it is recommended that up to \$55,000 be advanced from the CDBG Housing Development Fund for the Solana Beach Castro/Gonzales Street Sidewalks project.

Recommendation 80

This request will establish appropriations of \$1,750,000 in the Library Fund, Management Reserves, for current year contingencies and future needs in the library system based on fund balance available.

Recommendation 81

This request will establish appropriations of \$585,091 for Quality First payments in the County Library Fund. In order to receive these payments, Library staff achieved both qualitative goals such as customer service and quantitative savings that resulted in the fund balance available for the payments.

Recommendation 82

This request will establish appropriations of \$353,000 for Quality First payments to Registrar of Voters, Animal Services and the Community Services Group Office. In order to receive these payments, staff achieved both qualitative goals such as customer service and quantitative savings that resulted in the fund balance available for the payments.

Recommendations 83 - 87

These recommendations allow the use of \$834,394 in Fiscal Year 2006-2007 savings to provide funding for one-time needs in the Board of Supervisors' offices including staffing costs and various services and supplies costs.

Recommendations 88 & 89

Appropriations for the Fallbrook Library of \$3,000,000 were inadvertently budgeted in the Capital Outlay Fund in the Fiscal Year 2007-08 Operational Plan. These appropriations and related revenue should have been budgeted in the Library Construction Projects Fund. These recommendations are technical adjustments to correct the budget for the Fallbrook Library.

SUBJECT: FISCAL YEAR 2007-08 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS

Recommendation 90

The Fiscal Year 2007-08 Operational Plan includes appropriations of \$18 million to pay down a portion of the outstanding principal of the County's 2002 Taxable Pension Obligation Bonds, Series B-1, which can be called on any semi-annual payment date with no call premium. The Series B-1 bonds are variable rate bonds. In order to ensure that sufficient funds are available to make interest payments to the bondholders in the face of possible interest rate volatility, it is required that these interest payments be budgeted at 200 basis points higher than the past year's annual average variable interest rate. Actual variable interest rates this fiscal year have been lower than the amount budgeted and will result in savings of approximately \$2 million, which may be redirected to further reduce the debt. This request will result in paying down a total of \$20 million of the County's 2002 Taxable Pension Obligation Bonds, Series B-1.

Recommendation 91

This action will establish appropriations in various Finance and General Government Group departments to fund Quality First payments based on Fiscal Year 2006-2007 fund balance.

Recommendations 92 & 93

These requests will establish appropriations of \$431,791 in County Counsel and amend the Public Liability Internal Service Fund (ISF). County Counsel achieved its Quality First goals through savings in both the General Fund and the administration of the Public Liability ISF. Therefore, the funding for this recommendation will be from both the General Fund and the Public Liability Internal Service fund in proportion to the department's qualitative goals in the approved Quality First Plan.

Recommendation 94

This action will establish appropriations in Media and Public Relations to fund Quality First payments based on Fiscal Year 2006-2007 fund balance.

Linkage to the County of San Diego Strategic Plan

The County of San Diego is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2006-07 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes	
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> N/A

Other Concurrence(s): N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

Donald F. Steuer, Chief Financial Officer

Janel Pehau, Director, Office of Financial
Planning

Name

Name

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AUTHORIZED REPRESENTATIVE: _____

Donald F. Steuer, Chief Financial Officer

AGENDA ITEM INFORMATION SHEET

(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

7/31/07 (16) County of San Diego FY 2007-08 Final Budget for Family of Funds, Enterprise Funds, Internal Service Funds, Prior Year Encumbrances, Fleet Service Transfer and Penalty Assessment Resolution; October 24 (25) Ratify Proclamation of Local Emergency: October 2007 Firestorm; November 6, 2007 (16) Firestorm 2007 Recovery – Debris Removal to Protect the Public Health, Safety, and Welfare; and the November 7, 2007 (18) Recovery – Emergency Work to Control Erosion.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

**FY 2007-2008 1st Quarter
Projected Year-end Results**
(in thousands)

COUNTY SUMMARY

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

Public Safety	\$ 16,914	\$ (11,964)	\$ 4,949
Health & Human Services	93,815	(71,001)	22,814
Land Use & Environment	11,076	(3,786)	7,290
Community Services	8,880	(5,673)	3,206
Finance & General Government	3,616	(1,057)	2,559
Total Agency/Group	134,301	(93,482)	40,819
General Revenues	0	16,912	16,912
Finance Other	17,832	(113)	17,719
Total General Fund	\$ 152,133	\$ (76,683)	\$ 75,450

Special Revenue Funds

Public Safety	\$ 13,000	\$ (12,630)	\$ 370
Health & Human Services	3,300	0	3,300
Land Use & Environment	3,584	(1,979)	1,605
Community Services	18,633	(17,704)	929
Finance & General Government	111	2	113
Finance Other	0	0	0
Total Special Revenue Funds	\$ 38,628	\$ (32,311)	\$ 6,317

Internal Service Funds Departments

Public Safety Group	\$ 0	\$ 12	\$ 12
Health & Human Services	0	0	0
Land Use & Environment	0	0	0
Community Services	5,093	(5,253)	(161)
Finance & General Government	3,260	0	3,260
Finance Other	4,063	13	4,076
Total Internal Service Funds	\$ 12,416	\$ (5,228)	\$ 7,187

Enterprise Fund Departments

Land Use & Environment	\$ 16,745	\$ (14,780)	\$ 1,965
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Special District Funds Departments

Public Safety Group	\$ 0	\$ 42	\$ 42
Health & Human Services	0	(282)	(282)
Land Use & Environment	1,831	(677)	1,154
Total Special District Funds	\$ 1,831	\$ (917)	\$ 914

Other County Funds Departments

LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	0	0	0
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	\$ 0	\$ 0	\$ 0

Debt Service - Pension Obligation Bonds	\$ 3,750	\$ (3,750)	\$ 0
Total County Projected Operating Balance	\$ 225,503	\$ (133,670)	\$ 91,833

**FY 2007-2008 1st Quarter
Projected Year-end Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Alternate Public Defender	\$ 51	\$ 0	\$ 51
Child Support	640	0	640
Contributions for Trial Courts	0	0	0
Defense Attorney Contract Admin.	0	0	0
District Attorney	4,597	(3,349)	1,248
Emergency Services	668	(668)	0
Law Enforcement Review Board	19	0	19
Medical Examiner	85	0	85
Probation	(391)	391	0
Public Defender	0	0	0
Public Safety Executive Office	0	0	0
Sheriff	11,246	(8,338)	2,907
Total General Fund	\$ 16,914	\$ (11,964)	\$ 4,949

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	0	0	0
Probation - Asset Forfeiture	0	0	0
Probation - Inmate Welfare Program	(0)	0	(0)
Sheriff - Asset Forfeiture	0	2	2
Sheriff - Inmate Welfare Program	0	368	368
Public Safety - Proposition 172	13,000	(13,000)	0
Total Special Revenue Funds	13,000	(12,630)	370

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	0	12	12
Total Internal Service Funds	0	12	12

Special District Funds

Sheriff (Regional 800 MHz)	0	42	42
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Total Group Projected Fund Balance	\$ 29,914	\$ (24,540)	\$ 5,373
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**FY 2007-2008 1st Quarter
Projected Year-end Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 15,640	\$ (7,756)	\$ 7,884
Aging & Independence Services	2,675	(2,127)	547
Behavioral Health Services	28,711	(28,711)	0
Child Welfare Services	21,181	(18,982)	2,199
Public Administrator/Public Guardian	92	0	92
Public Health Services	2,415	(2,380)	35
Regional Operations	15,222	(3,164)	12,058
Strategic Planning & Operational Support	7,881	(7,881)	0
Total General Fund	\$ 93,815	\$ (71,001)	\$ 22,814

Special Revenue Funds

Tobacco Securitization Fund	3,300	0	3,300
Total Special Revenue Funds	3,300	0	3,300

Internal Service Funds

DMI-Working Capital(Edgemoor Hospital)	0	0	0
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Special District Funds Departments

Ambulance Districts	0	(282)	(282)
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Other County Funds Departments

	0	0	0
Total Health & Human Services Agency	\$ 97,115	\$ (71,283)	\$ 25,832

**FY 2007-2008 1st Quarter
Projected Year-end Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 818	\$ (751)	\$ 68
Environmental Health	1,859	(1,226)	633
Farm Advisor	5	2	7
Land Use & Environment Group Exec Office	4,931	(19)	4,912
Parks & Recreation	159	239	398
Planning & Land Use	3,304	(2,032)	1,272
Public Works	0	0	0
Total General Fund	\$ 11,076	\$ (3,786)	\$ 7,290

Special Revenue Funds Departments

A,W & M (Grazing and Fish & Game Commission)	0	0	0
Parks & Recreation - PLDO	11	435	446
DPW - Aviation Funds	1,164	(1,158)	6
DPW - Road Funds	2,034	(891)	1,142
DPW - Inactive Waste	375	(364)	11
Total Special Revenue Funds	3,584	(1,979)	1,605

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	0	0	0
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Enterprise Funds Departments

Airport Enterprise Fund	16,745	(14,781)	1,965
Liquid Waste Enterprise Fund	0	1	1
Total Enterprise Funds:	16,745	(14,780)	1,965

Special District Funds Departments

Air Pollution Control District	1,102	(513)	589
Parks and Recreation	729	(284)	446
Planning and Land Use - CSAs	0	0	0
DPW - Sanitation Districts & Sewer Maintenance	0	22	22
DPW - CSAs	(0)	0	(0)
DPW - PRDs	0	0	0
DPW - Flood Control	0	94	94
DPW - Street Lighting Districts	0	3	3
Total Special Districts Funds:	1,831	(677)	1,154

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 33,237	\$ (21,222)	\$ 12,014
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**FY 2007-2008 1st Quarter
Projected Year-end Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 76	\$ 195	\$ 270
Community Services Group Exec Office	2,750	200	2,950
General Services	0	0	0
Housing & Community Development	667	(667)	0
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	5,388	(5,401)	(14)
Total General Fund	\$ 8,880	\$ (5,673)	\$ 3,206

Special Revenue Funds Departments

Library Services	1,018	(88)	929
Housing & Community Development	17,615	(17,615)	0
Total Special Revenue Funds	18,633	(17,704)	929

Internal Service Funds Departments

Facilities Management	4,603	(4,603)	(0)
Fleet Management	333	(494)	(161)
Purchasing & Contracting	156	(156)	0
Total Internal Service Funds	5,093	(5,253)	(161)

Other County Funds Departments

Redevelopment Agency	0	0	0
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Total Community Services Group	\$ 32,605	\$ (28,630)	\$ 3,975
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**FY 2007-2008 1st Quarter
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 764	\$ (586)	\$ 178
Auditor & Controller	1,335	(651)	684
Board of Supervisors	99	0	99
CAC-Major Maintenance	0	0	0
Chief Administrative Officer	254	0	254
Civil Service Commission	20	0	20
Clerk of the Board of Supervisors	509	(80)	429
County Counsel	519	(178)	341
County Technology Office	0	0	0
Finance & GG Exec Office	90	0	90
Grand Jury	(120)	0	(120)
Human Resources	(41)	198	157
Treasurer-Tax Collector	187	239	426
Total General Fund	\$ 3,616	\$ (1,057)	\$ 2,559

Special Revenue Funds Departments

Media & Public Relations	111	2	113
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Internal Service Funds Departments

CTO - Information Technology	3,260	0	3,260
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**Total Finance & General
Government Group**

	\$ 6,987	\$ (1,055)	\$ 5,932
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**FY 2007-2008 1st Quarter
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	1st Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Revenues:

All Current Property Taxes	\$ 0	\$ 9,030	\$ 9,030
All Other Taxes-Local	0	6,244	6,244
Licenses, Permits & Franchises	0	417	417
Fines, Forfeitures & Penalties	0	1,220	1,220
Revenue for Use of Money & Property	0	0	0
Intergovernmental Revenue	0	0	0
Charges for Current Services	0	0	0
Miscellaneous Revenue	0	0	0

Total General Revenues \$ 0 \$ 16,912 \$ 16,912

General County Expenses:

Cash Borrowing Program	\$ 0	\$ 0	\$ 0
Community Enhancement	0	0	0
Contingency Reserve	17,000	0	17,000
Contributions to the Capital Outlay Fund	358	(113)	245
Contributions to Library Fund	0	0	0
Community Projects & Services	0	0	0
Countywide Expenses	474	0	474

Total Finance Other Expenses \$ 17,832 \$ (113) \$ 17,719

Total General Fund \$ 17,832 \$ 16,799 \$ 34,631

Special Revenue Funds Departments

Capital Program \$ 0 \$ 0 \$ 0

Total Special Revenue Funds \$ 0 \$ 0 \$ 0

Internal Service Funds Departments

Workers Compensation \$ 4,000 \$ 0 \$ 4,000

Unemployment Insurance 0 0 0

Public Liability 63 13 76

Total ISF Funds \$ 4,063 \$ 13 \$ 4,076

Other County Funds Departments

Majestic Pines \$ 0 - \$ 0

Debt Service Funds Departments

Pension Obligation Bonds \$ 3,750 \$ (3,750) \$ 0

Total General Revenues & Finance Other \$ 25,645 \$ 13,061 \$ 38,706

**FY 2007-2008 1st Quarter
Projected Year-end Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	1st Quarter FY07-08 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 2,600	\$ 2,349	\$ 4,949
Health and Human Services	5,000	17,814	22,814
Land Use and Environment	4,908	2,382	7,290
Community Services	2,750	456	3,206
Finance & General Government	410	2,149	2,559
Agency/Group Totals	\$ 15,668	\$ 25,151	\$ 40,819
General Revenues	0	16,912	16,912
General County Expenses	0	719	719
Contingency Reserve	17,000	0	17,000
Total Gen'l. Revs & Gen'l. County Exp.	\$ 17,000	\$ 17,631	\$ 34,631
Total General Fund	\$ 32,668	\$ 42,782	\$ 75,450

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
FY 2007 - 2008 1st QUARTER

GENERAL NOTES

Projected Fund Balance

Projected fund balance as presented in this report is defined as the projected excess of revenues over expenditures as a result of current fiscal year operations. Schedule A presents projections by Group and Department by fund or fund type.

Contingency Reserve and Management Reserves

The County's General Fund budget contains a Contingency Reserve each year to be used in the event of unforeseen expenses or to offset revenue shortfalls. Management Reserves are appropriations that are set-aside at the Group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by Group/Agency that distinguishes between projected contingency/management reserve balances and operating balances.

Variance Reporting

Departments project variances from their operational plans based either on revised expectations or on actual revenues or expenditures to date. The significant (greater than \$300,000) variances in total expenditure, total revenue, or net variances from plan are discussed below and categorized by funds.

Most County activities are carried out within the General Fund. The General Fund fund balance is considered to be the primary "equity" cushion of the County, authorized to be drawn upon by specific Board action and according to Board priorities and policies. Projected fund balances in all other funds are restricted to uses that are consistent with the purposes of the individual funds.

PUBLIC SAFETY GROUP

General Fund

Department of Child Support Services

A net positive variance of \$0.6 million is projected for the Department of Child Support Services.

A net positive expenditure variance of \$0.6 million is projected. A positive variance of \$0.6 million is projected in salaries and benefits due to vacant positions that have not been filled due to delays in the hiring process. However, the Department is on track to fill all vacant positions by the second quarter of the Fiscal Year 2007-08.

No revenue variance is projected. The Department expects to fully utilize all of the State's resources to implement and complete several ongoing projects as directed by the State.

District Attorney

A net positive variance of \$1.2 million is projected for the District Attorney's Office.

A net positive variance of \$4.6 million is projected for total expenditures. This positive variance is primarily due to anticipated savings in salaries and benefits of \$3.1 million due to normal attrition and use of modified positions. A positive variance of \$2.6 million is due to a projected year-end balance in management reserves. A negative expenditure variance of \$1.1 million is projected in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

A net negative revenue variance of \$3.3 million is primarily attributable to the projected shortfall of Proposition 172 receipts of \$2.6 million, a reduction of \$0.6 million in recovered expenditures due to the loss of revenue from the canceled federal office of personnel management background contract (\$0.3 million) delays in hiring and transferring staff to the Proposition 64 consumer protection fraud program (\$0.3 million), and a negative revenue variance of \$0.1 million projected for the Vertical Prosecution Block Grant Program due to delays in transferring staff to the program.

Office of Emergency Services

No net variance is projected for the Office of Emergency Services.

A positive expenditure variance of \$0.7 million is projected in other charges, which includes payments to other agencies, and will be used to help mitigate the negative variance noted below.

A net negative revenue variance of \$0.7 million is projected. A \$0.3 million negative variance in Civil Defense Administrative Costs revenue and a \$0.4 million negative variance in Federal Other revenue are related to prior year receivables. Certain prior year receivables were not cleared before the close of

Fiscal Year 2006-07 with revenue that had been received and other receivables were established in error, which has the effect of reducing actual revenues for FY 2007-08. The negative variance will be mitigated by the anticipated positive variance in expenditures noted above and the appropriation of the Public Safety Group Fund Balance later in the Fiscal Year.

Probation

No net variance is projected for the Probation Department.

A net negative expenditure variance of \$0.4 million is projected. This is comprised of a \$0.9 million negative variance in salaries and benefits due to overtime costs as the result of increased detention facility populations. A \$0.3 million negative variance is projected in services and supplies also due to the increase in detention populations. These are offset by a positive variance of \$0.8 million in other charges, due to savings associated with juvenile justice realignment. Any negative expenditure variance will be mitigated by the appropriation of over-realized revenue in a budget status adjustment later in the fiscal year.

A net positive revenue variance of \$0.4 million is projected. Federal and State meal program revenues are expected to exceed budget by \$0.3 million. Work Projects, Airport Enterprise Funds, Road Funds, and Internal Service Fund accounts are projected to generate an additional \$0.5 million in revenue due to increased demand for Work Project crews. Title IV-E revenue will be \$0.9 million over budget due to increased activities eligible for reimbursement. Juvenile programs and Camp funding will be \$0.5 million over budget due to unanticipated reimbursements for prior year services. Institutional Care Federal revenue and reimbursements from individuals are projected to be \$0.3 million over budget. An additional \$1.1 million is projected from various sources including Standards and Training for Corrections, Offender Treatment Program Funds, and Court Administration Fees due to adjusted training plans and a projected increase in collection of fees. Revenues projected to be under budget include Offender Reimbursements (\$0.8 million) due to the implementation of AB 3000 that changed the priority for the distribution of amounts collected and Proposition 172 receipts from sales tax revenues that are projected to be \$1.3 million under budget. Other State and Federal grants including SB618 and SB933 will be \$1.1 million under budget due to program revisions and modifications.

Sheriff

A net positive variance of \$2.9 million is projected for the Sheriff's Department.

An overall positive expenditure variance of \$11.3 million is projected. Salaries and benefits are projected to be \$11.3 million under budget due to salary savings as a result 271 vacant positions. The Sheriff's Department continues to experience staff turnover and has broadened advertising to distinguish the Department from other law enforcement agencies. This projection includes "Expected New Hires" of 221 sworn staff from forthcoming detention and law enforcement academies, 20 professional staff, and 158 retirements/departures, for a net increase of 83 sworn and professional staff by the end of the fiscal year.

A net negative revenue variance of \$8.3 million is projected. A negative variance of \$9.1 million is projected in Operating Transfer from the Proposition 172 Fund due to a projected shortfall in Proposition 172 receipts from sales tax revenues. A positive variance of \$0.3 million is projected in Federal Other Federal Grants due to a reimbursement from Urban Area Security Initiative grant. A number of miscellaneous revenue sources are projected to provide an additional combined positive variance of \$0.5 million.

Special Revenue Funds:

Sheriff's Inmate Welfare Fund

A net positive variance of \$0.4 million is projected for the Inmate Welfare Fund. This is due to a reimbursement from the Grossmont Union High School District for overpayment of contracted educational services.

Proposition 172

No net variance is projected for the Proposition 172 Special Revenue Fund.

The Proposition 172 Special Revenue Fund finished Fiscal Year 2006-07 with a \$7.0 million year-end fund balance, after adjusting for available balances from previous years of \$10.7 million and for actual realized revenues of \$3.7 million less than the Fiscal Year 2006-07 Operational Plan amount.

In Fiscal Year 2007-2008, the current national, state and local economic conditions, including the substantial slowdown in the housing market are impacting consumer spending and the sales tax revenues which are the basis for Proposition 172 receipts. In addition, the San Diego region is generating a proportionately smaller share of sales tax revenues compared to other areas of the State. As the result of these conditions, current year revenues are projected to be \$13 million under budget. Expenditures from the Special Revenue Fund will be capped to match anticipated revenues and are therefore projected to be \$13 million under budget for no net variance in the fund. The revenues in the public safety departments that receive Proposition 172 funds,

including the Sheriff, the District Attorney and the Probation Department, are forecast to be under budget by these same amounts. Revenues will be closely monitored during the fiscal year and projections updated in future reports to your Board.

HEALTH AND HUMAN SERVICES AGENCY

General Fund

Administrative Support

The Administrative Support Program consists of the following: Agency Executive Office, Agency Contract Support, Financial Services and Support Division, Human Resources, Management Support and First Five Commission.

A net positive variance of \$7.9 million is projected for Administrative Support. The variance is the result of a net expenditure savings of \$15.7 million and projected under-realized revenues of \$7.8 million.

The \$15.7 million expenditure savings includes \$0.5 million in salaries and benefits due to normal attrition, \$10.2 million in services and supplies and \$5.0 million in anticipated year-end management reserves. The \$10.2 million in services and supplies is comprised of \$5.5 million of Bio-terrorism emergency appropriation savings associated with unsecuritized tobacco settlement, \$3.0 million due to IT related transition savings with Northrup Grumman and \$1.7 million in various services and supplies. The \$7.8 million of under-realized revenue includes \$5.5 million of unsecuritized tobacco settlement revenue, and \$2.3 million in revenues associated with expenditure savings.

Aging and Independence Services

A net positive variance of \$0.5 million is projected for Aging and Independence Services. The variance is the result of a net expenditure savings of \$2.6 million and projected under-realized revenues of \$2.1 million.

The net expenditure savings of \$2.6 million includes \$0.8 million in services and supplies and \$1.8 million in operating transfers for the In Home Support Services (IHSS) Public Authority due to health benefit costs for IHSS Individual Providers being projected at less than budgeted levels. The \$0.8 million savings in services and supplies is due to less than anticipated IT application services for IHSS and Adult Protective Services, and contracted services savings. The \$2.1 million of under-realized revenue is associated with the expenditure savings.

Behavioral Health Services

Behavioral Health Services consists of the following: Mental Health Services, Alcohol and Drug Services and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital and Edgemoor Hospital.

No net variance is projected for Behavioral Health Services. This is a result of \$28.7 million in expenditure savings and \$28.7 million of under-realized revenue.

The \$28.7 million expenditure savings includes \$0.5 million savings in salaries and benefits through-out Behavioral Health, with the exception of the San Diego County Psychiatric Hospital which is projecting higher than budgeted costs due to a wage increase for some of the psychiatric classifications, and \$28.2 million savings in services and supplies due to delays in Mental Health Services Act (MHSA), Homeless Adult with Mental Illness and EPSDT contracted services and an over-estimate of services remaining for prior year contract encumbrances, that were carried forward and will no longer be needed. The \$28.7 million in projected under-realized revenues is associated with the expenditure savings.

County Child Welfare Services

A net positive variance of \$2.2 million is projected for County Child Welfare Services (CCWS). This is a result of \$21.2 million in expenditure savings and \$19.0 million of under-realized revenue.

The \$21.2 million expenditure savings includes \$2.2 million in salaries and benefits due to normal attrition and hiring delays, \$21.4 million in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents (AAP) and KinGap due to less than budgeted caseload projections. These savings are reduced by a \$2.4 million greater than budgeted expenditure in services and supplies primarily due to Adoptions and Foster Home Licensing recruitment activities and facilities repair costs for Polinsky and San Pasqual. The \$19.0 million in projected under-realized revenues is associated with the expenditure savings primarily for assistance payments.

Public Health Services

No net variance is projected for Public Health Services. This is a result of \$2.4 million in expenditure savings and \$2.4 million of under-realized revenue.

The net expenditure savings of \$2.4 million includes \$0.4 million in salaries and benefits due to vacancies and \$2.0 million in services and supplies due primarily to reduced contracted services for Outreach, Education, Recruitment and Utilization (OERU) and Pandemic Flu contracts due to State funding cuts. The

\$2.4 million in projected under-realized revenues is associated with the expenditure savings and allocation cuts by the State.

Regional Operations

Regional Operations consists of the following: Central, East, North Central, North Coastal, North Inland, and South regions, Community Action Partnership, Regional Self-Sufficiency and Regional Child Welfare Services.

A net positive variance of \$12.0 million is projected for Regional Operations. This is a result of \$15.2 million in expenditure savings and \$3.2 million of under-realized revenue.

The net expenditure savings of \$15.2 million includes \$2.4 million in salaries and benefits due to vacant positions resulting from staff turnover, \$1.1 million in services and supplies, and \$11.7 million in other charges based on projected caseloads for CalWORKS, Welfare to Work, Child Care and General Relief payments being less than budgeted. The \$3.2 million in projected under-realized revenues is associated with a portion of the expenditure savings offset by anticipated social service administrative revenue for external A-87 costs.

Strategic Planning and Operational Support

No net variance is projected for Strategic Planning and Operational Support (SPOS). This is the result of \$7.9 million in expenditure savings and \$7.9 million of under-realized revenue.

The \$7.9 million expenditure savings includes a \$0.1 million greater than budgeted expenditure in salaries and benefits due to a lower than expected attrition rate, offset by \$8.0 million in savings in services and supplies due to projected contract savings of \$3.1 million related to delayed implementation of the SB1448 pilot project, \$2.5 million related to savings associated with the Welfare Case Data Information System, \$1.7 million in CalWORKS employment pay for performance contracts and \$0.7 million in various other services and supplies.

The projected \$7.9 million in under-realized revenue is associated with the expenditure savings.

Special Revenue Funds

Tobacco Securitization Fund

A net positive variance of \$3.3 million is projected in the Securitized Tobacco Settlement Fund. This represents the difference between the projected annual

available amount of Tobacco funds and what the Board of Supervisors has approved, based on an annual draw of \$27.5 million.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights & Measures

A net favorable variance of \$0.1 million is projected for the Department of Agriculture, Weights and Measures.

There is a positive expenditure variance of \$0.8 million. Projected savings of \$0.2 million in salaries and benefits is mainly due to freezing two positions to reduce the impact from an anticipated loss of state revenue. Projected net savings in services and supplies and cost applied is \$0.6 million due to an abatement of expenditures of \$0.4 million that had been budgeted as revenue and savings of \$0.2 million related to lower than anticipated spending for professional and specialized services and savings in vehicle costs due to delaying vehicle replacements and managing preventative maintenance.

Projected under-realization of revenue of \$0.8 million is due to a loss of \$0.7 million in Unclaimed Gas Tax state subvention revenue due to increasingly restrictive guidelines for qualifying claimable expenses and \$0.4 million that is reflected above as an abatement of expenditures for services provided to other County departments. This shortfall will be offset by \$0.3 million in over-realized revenues from increased demand for services and recovery of investigative costs and pesticide civil administrative penalties.

Environmental Health

A net positive variance of \$0.6 million is projected for the Department of Environmental Health.

There is a favorable expenditure variance of \$1.8 million. A projected savings of \$0.8 million in salaries and benefits is due to the delays in hiring, under-filling positions, and intentionally holding a position vacant to offset projected under-realized revenue in land use plan check projects. The projected savings in services and supplies of \$1.0 million is primarily due to controlling spending in the Land and Water Quality Division to offset the shortfall in revenue due to the decrease in plan check projects.

A net negative revenue variance of \$1.2 million is projected. This variance consists primarily of under-realized revenue of \$0.9 million in plan check & field

inspections and \$0.3 million in septic installations due to a downturn in land use development projects. The remaining variance consists of a \$0.3 million shortfall in Solid Waste Tonnage Fees and a \$0.5 million shortfall spread over various other revenue accounts. These variances are offset by a positive variance of \$0.3 million in miscellaneous revenue due to reimbursements for data imaging and \$0.5 million in Engineering Services due to the Local Oversight Program contract increase.

Land Use and Environment Group

A net positive variance of \$4.9 million is projected in the Land Use and Environment Group Executive Office. This is primarily due to a projected year-end balance in management reserves, to be used for year two of the cost of implementing an enterprise-wide Business Case Management Systems (BCMS) for all the Group's departments. This process has commenced in the current fiscal year.

Parks & Recreation

A net favorable variance of \$0.4 million is projected by fiscal year-end.

A net positive expenditure variance of \$0.2 million in expenditures is mainly due to projected savings in salaries and benefits due to temporary vacancies and employee turnover.

A net positive revenue variance of about \$0.2 million is due to the combination of anticipated over-realized revenue and revenue shortfalls in various revenue sources. There are projected increases of \$0.2 million in rents and concessions, \$0.4 million in park and camping fees, and \$0.1 million in various miscellaneous revenues. These are offset by a projected decrease of \$0.5 million in charges to other funds primarily caused by project delays, for example, in the 4S Ranch Project.

Planning and Land Use

A net positive variance of \$1.3 million is projected by year's end.

Expenditure savings of \$3.3 million includes \$1.1 million in salaries and benefits as the result of ongoing vacancies due to positions being held vacant pending an internal reorganization. Savings of \$2.2 million in services and supplies is primarily the result of projected savings of \$1.8 million in consultant services related to the Fire Safety, Fuels Reduction Program (related to Firestorm 2003), Multiple Species Conservation Program, Plan Check Overflow, and GP2020. Funding and expenditures span several years for these projects and will not be

fully expended in Fiscal Year 2007-08. The remaining projected savings of \$0.4 million are spread throughout various other services and supplies accounts.

The net revenue shortfall of \$2.0 million is mainly in two areas: Building, Construction Permit and Plan Check Field Inspection Fees (\$0.5 million) and Requests for Building Permits (\$1.5 million). Requests for Building Permits and related services are lower than anticipated as a result of lower than normal construction projects in San Diego County. This shortfall is offset by the savings in salaries and benefits costs and services and supplies contract costs noted above.

Special Revenue Funds

Parks and Recreation

Park Land Dedication Fund

A net positive variance of \$0.4 million for P4500 – Park Land Dedication is projected by fiscal year-end, due to additional revenue being realized from park land dedication fees.

Department of Public Works

Aviation Fund

There is no net variance projected for the Aviation Fund. A net positive expenditure variance of \$1.1 million and the corresponding net negative revenue variance are due to several projects being on hold as a result of the State's project funding priorities.

Road Fund

A net positive variance of \$1.1 million is projected for the Road Fund. A positive expenditure variance of \$2.0 million includes \$0.7 million savings in salaries and benefits due to turnover and vacancies pending recruitment and \$1.3 million in services and supplies due to savings from completed projects.

A negative revenue variance of \$0.9 million is projected and is in part related to the expenditure savings noted above. Revenue from taxes other than current secured is projected to be under-realized by \$0.8 million due to completion of Valley Center East and other projects funded by TransNet. Revenue from use of money and property is projected to be over-realized by \$0.3 million due to interest on deposits and investments and developer deposits, and rents and concessions. Intergovernmental revenues will be under-realized by \$0.3 million due to savings in FHWA funded projects. Charges for current services are

projected to be under-realized by \$0.3 million due to a decrease in work for others. A net positive variance of \$0.2 million in Miscellaneous Revenue is due to reimbursements from the Valley Center Municipal Water District to offset costs for the Valley Center North Project that, in the past, were recorded as expenditure abatements as opposed to revenue.

Inactive Waste

There is no net variance for Inactive Waste. A \$0.4 million positive variance in expenditures includes \$0.2 million savings in services and supplies due to the postponement of the purchase of the Decanso and Jacumba landfills until next fiscal year and \$0.2 million savings in operating transfers out due to a carry forward for the purchase of vehicles that is no longer needed in this fiscal year. A negative variance of \$0.4 million in revenue is from a decreased contribution from the Environmental Trust Fund due to decreased expenditures.

Enterprise Funds

Department of Public Works

Airports

A net positive variance of \$2.0 million is projected for the Airport Enterprise Fund.

The projected savings in services and supplies of \$1.7 million is due to lower than anticipated expenses for internal agreements and as-needed consultant contracts. There is also a projected savings of \$15 million in Capital Assets/Land Acquisition due to not fully expending appropriations for the Palomar Airport Terminal Redevelopment Projects and postponed projects such as the Fallbrook Modular Terminal Building/Construct Terminal Parking Apron, Ramona Slurry Seal Runway, Borrego Valley Slurry Seal, Agua Caliente Design & Reconstruct Runway, Jacumba Fence Airfield Boundary and Ocotillo Erosion Control.

A net negative variance of \$15.0 million in revenue is due to unearned revenue from Federal and State grants related to these capital projects.

Special District Funds

Air Pollution Control District

A net positive variance of \$0.6 million is projected by year-end for the Air Pollution Control District.

A positive expenditure variance of \$1.1 million includes savings in salaries and benefits of \$0.5 million resulting from vacancies and under-filled positions and savings of \$0.6 million in services and supplies due to lower than anticipated expenses for special departmental, inter-departmental and professional and specialty accounts.

A net negative revenue variance of \$0.5 million includes \$0.5 million in under-realized permit fees due to lower than anticipated new permit application levels and extension of permit compliance to Phase II-Enhanced Vapor Recovery, \$0.2 million less of federal funding and a \$0.2 million shortfall in charges for current services due to a decrease in revenue from asbestos inspections. This is offset by a net \$0.2 million in over-realized revenue from interest earnings based on overall fund balances and \$0.2 million from recovered expenditures.

Parks and Recreation Community Service Areas (CSA's)

A net positive variance of \$0.4 million is projected for the Parks and Recreation CSA's.

A net positive expenditure variance of \$0.7 million is projected. There is \$0.5 million cost savings in salaries and benefits in CSA83A due to a freeze of positions, required because the 4S Ranch development is not fully built out, thus creating a revenue shortfall. CSA128 is projected to have a \$0.2 million savings in services and supplies due to the delay in opening the Spring Valley Gym.

A negative revenue variance of \$0.3 million is projected. There is a \$0.5 million shortfall in property tax revenue in CSA83A related to the 4S Ranch development, as noted above. This is offset by a \$0.2 million positive variance in property tax revenue in the five remaining Parks and Recreation CSAs.

COMMUNITY SERVICES GROUP

General Fund Departments

Animal Services

A net positive variance of \$0.3 million is projected for year-end.

A favorable expenditure variance of \$0.1 million is primarily due to savings in services and supplies. A net positive revenue variance of \$0.2 million is projected due to an increase in license and shelter revenue due to increased fees that were approved in October 2006.

CSG Executive Office

A favorable variance of \$3.0 million is projected.

A favorable expenditure variance of \$2.8 million is due to a projected year-end balance in management reserves, which are held in the Group Executive Office for departments' operating contingencies during the year. A favorable revenue balance of \$0.2 million is due to the receipt of a nonrefundable fee from a real estate development transaction. The Group Executive Office provided funding for staff and consultant development work on the transaction.

Housing and Community Development

No net variance is projected for Housing and Community Development (HCD).

A favorable expenditure variance of approximately \$0.7 million is projected. This positive variance is the result of projected salaries and benefits savings of \$0.1 million due to vacant and under-filled positions and \$0.6 million in overall services and supplies savings based on first quarter's trends and expenditure patterns. Since HCD's direct expenditures are 100% offset by outside funding sources, a negative variance in revenues of approximately \$0.7 million is projected as a result of the anticipated savings in salaries and benefits and services and supplies.

The Registrar of Voters

No net variance is projected for the Registrar of Voters.

A projected \$5.4 million savings in Capital Equipment Fixed Assets is offset by under-realized State revenue for HAVA Grant reimbursements directly related to the Capital Asset expenditure savings. This is due to the decision not to purchase 2,000 additional voting units for the 2008 Election cycle.

Internal Service Funds (ISFs)

Facilities Management

No net variance is projected for the Facilities Management ISF.

A favorable expenditure variance of \$4.6 million is offset by a negative revenue variance of \$4.6 million. Facilities Management consists of two funds, the Major Maintenance ISF and the Facilities Management ISF.

The Major Maintenance ISF projects a favorable expenditure variance of \$2.6 million offset by an unfavorable revenue variance of \$2.6 million. The favorable expenditure variance in operating transfers out (used to pay the Facilities

Management ISF for project management services) is due to an internal agreement that was carried forward that was also included in the adopted budget. The unfavorable revenue variance is due to the same internal agreement that was carried forward.

The Facilities Management ISF projects a favorable expenditure variance of \$2.0 million offset by an unfavorable revenue variance of \$2.0 million. The expenditure variance is the result of savings of \$2.3 million in services and supplies due to lower than anticipated costs for utilities, postage and facilities maintenance. This is partially offset by a projected negative variance of \$0.3 million in salaries and benefits primarily associated with Quality First payments.

The \$2.0 million revenue variance is primarily the result of a negative variance of \$2.6 million projected in charges for services, offset by favorable variances of \$0.3 million in rents and concessions, \$0.2 million in miscellaneous revenues and \$0.1 million in other financing sources. The \$2.6 million negative variance in charges for services is comprised of a negative variance of \$3.1 million in Charges in the General Fund due to the less than anticipated costs for utilities (\$1.0 million), postage (\$1.0 million), contract services (\$0.8 million) and facilities maintenance (\$0.3 million). This is offset by favorable variances of \$0.1 million in Charges in ISF's associated with reimbursements for major maintenance, contracts and project management services, \$0.2 million in Charges in Other Funds/Special Districts associated with reimbursements for contract services, \$0.1 million in Other Services To Government associated with reimbursements for mail services and \$0.1 million in various miscellaneous revenues associated with requested maintenance and contract services. The positive variances of \$0.3 million in rents and concessions and \$0.2 million in miscellaneous revenues are associated with grant reimbursement for projects. The \$0.1 million positive variance in other financing sources is related to operating transfers for project management labor support on major maintenance projects and funding for Real Estate Services support on the renovation and expansion of the San Diego County Library/Park/Community complex in Lincoln Acres.

Fleet Management

A net negative variance of \$0.2 million is projected for the Fleet Management Internal Service Fund. A total favorable expense variance of \$0.3 million is offset by an unfavorable revenue variance of \$0.5 million.

The expense variance is the result of savings of \$0.2 million in services and supplies primarily due to less than anticipated shop supplies purchases and \$0.1 million in unused contingency reserves.

The revenue variance is due to offsetting projections in several categories. Charges for services are projected to be \$0.4 million under budget, which includes \$1.3 million in General Fund Charges due to less than anticipated vehicle maintenance/repair requirements from General Fund departments, offset by over-realized Charges in the ISF's of \$1.0 million due to higher than anticipated vehicle maintenance/repair requirements from ISF customers. A negative variance of \$0.1 million in other financing sources is projected due to lower than anticipated proceeds from the sale of vehicles at auction. The mitigation for both is to monitor and control costs during the balance of the year.

Special Revenue Funds

San Diego County Library

A favorable net variance of \$0.9 million is projected for the Library. The expenditure variance is expected to be \$1.0 million, primarily the result of projected savings on projects and anticipated savings in contracted services. A net negative variance of \$0.1 million is projected for revenues, due to a decrease in State funding and a projected small shortfall in donations.

Housing and Community Development Special Revenue Fund:

No net variance is projected for the HCD Special Revenue Fund. A positive expenditure variance of \$17.6 million is offset by a negative revenue variance of the same amount. The Department budgets all funds that it is eligible to receive from the funding sources, to facilitate the multi-year project expenditure request process. The projected savings of \$17.6 million is based on analysis of anticipated funding requests for approved projects. Revenue is projected to equal expenses, as project costs are 100% offset.

FINANCE & GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

An overall net favorable variance of \$0.2 million is projected for the Assessor/Recorder/County Clerk.

A net positive expenditure variance of \$0.8 million is primarily due to projected savings in services and supplies of \$0.6 million due to deferred projects and \$0.2 million in salaries and benefits from staff turnover and vacancies.

A net negative revenue variance of \$0.6 million is projected. This variance is primarily due to an anticipated \$2.0 million shortfall in recording revenue due to

housing sales and the refinancing slowdown. This revenue shortfall is anticipated to be mitigated by over-realized revenue of \$1.0 million in AB 2890 and SB 2557 due to greater than anticipated receipts for supplemental assessments and \$0.4 million in over-realized revenue in marriage ceremonies, filing documents, and other fees.

Auditor and Controller

An overall net positive variance of \$0.7 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$1.3 million is projected. Salaries and benefits savings of \$0.4 million are projected primarily due to staff turnover and normal delays in recruiting and hiring. The department experienced an average of 17 vacancies during the first quarter of the fiscal year. Savings of \$0.8 million in services and supplies is projected due to the use of contra-accounts to record pass thru tax intercept expenditures in Revenue and Recovery.

A net negative revenue variance of \$0.6 million is projected due to \$0.3 million in miscellaneous revenue shortfalls associated with the tax intercept expenditure savings noted above, an anticipated shortfall of \$0.2 million in A-87 reimbursements from the Superior Court due to an incorrect estimate and a projected shortfall of \$0.1 million in recovered expenditures.

Clerk of the Board

An overall net positive variance of \$0.4 million is projected for the Clerk of the Board's Office.

A net positive expenditure variance of \$0.5 million is projected. Service and supplies savings of \$0.3 million are projected due to lower than anticipated contract and utility costs. Additionally, a \$0.2 million year-end balance is projected in management reserves. This is offset by a net negative revenue variance of \$0.1 million due to projected under-realized Property Tax System revenue.

County Counsel

An overall net positive variance of \$0.3 million is projected for the Office of County Counsel.

A net positive expenditure variance is projected primarily due to \$0.5 million in anticipated salaries and benefits savings related to the departure of several staff employees including executive management, and senior deputy county counsel employees.

The net negative revenue variance of \$0.2 million is primarily due to credits owed to the Road Fund based on Fiscal Year 2005-06 actual A-87 costs.

Grand Jury

A negative expenditure variance of \$0.1 million is projected in services and supplies due to an increase in the number of days per month the Grand Jury is empanelled. The Grand Jury has increased the days in session per month from an average of 8 days to approximately 20 days per month. This projected negative variance will be monitored and mitigated during future quarterly status reports if necessary.

Treasurer-Tax Collector

An overall net positive variance of \$0.4 million is projected for the Treasurer-Tax Collector.

A net positive expenditure variance of \$0.2 million is due to projected savings in salaries and benefits as a result of turnover.

A net positive revenue variance of \$0.2 million is due to projected over-realized miscellaneous revenue. This revenue is from unclaimed amounts for excess taxes paid on auctioned properties for fiscal years 2001-02 through 2003-04.

Internal Service Funds

Information Technology Internal Service Fund

An overall net positive variance of \$3.3 million is projected for the Information Technology Internal Service Fund. The positive variance is due to savings associated with MASL's (Minimum Acceptable Service Levels) related to the outsourcing supplier's performance, including break/fix response times, Help Desk Services, Desktop Services and Application Services. These savings will be utilized to fund future enterprise-wide information technology initiatives.

GENERAL REVENUES & GENERAL COUNTY EXPENSES

General Revenues & General County Expenses

A net positive variance of \$34.6 million is projected for these two categories combined, comprised of an estimated additional \$16.9 million in General Purpose Revenues and a \$17.7 million net positive variance in General County activities.

General Revenues

The San Diego economy continues to show overall positive, but slower, growth.

- San Diego's unemployment rate averaged 4.2% for the 12 month period of September 2006 through August 2007. San Diego's unemployment rate continues to compare favorably to both the U.S. (4.6% in 2006 and the projected national rate of 4.6% for 2007) and California unemployment rate (4.9% in 2006, and the projected California rate of 5.2% in 2007).
- Unadjusted local sales tax transactions grew by 0.4% for the County as a whole for January through June, 2007 compared to the same time period for 2006. In comparison, Bay Area counties combined reported a total sales tax growth rate of 3.8% for January through June, 2007.
- The housing boom that has been driving the U.S., California, and local economies has faded. The demand for housing in the County has slowed, as evidenced by the reduction in residential building permits, declining median housing prices, and the length of time of property listings. Overall, property tax growth is decelerating and property turnover and new construction are being watched closely. Relatively low interest rates, the area's population growth and commercial construction activity continue to mitigate against the possibility of a decline in property taxes.

All Current Property Taxes

All Current Property taxes are estimated to show a net positive variance of \$9.0 million.

- *Property Taxes - Current Secured*
Current Secured Property Taxes are projected to be \$8.8 million higher than budget. This projection is based on actual assessed value (A.V) growth of 9.96% compared to the projected A.V growth of 7.5% that was used to calculate budgeted current secured General Fund revenue. (Note: The 9.96% growth figure above represents only the current secured property tax growth, which is different than the county-wide overall growth published by the Assessor/Recorder/County Clerk on June 28, 2007 of 9.36%, which includes all assessed value components (secured, unsecured, airplanes, and boats)).
- *Property Taxes - Current Supplemental*
Current Supplemental Property Taxes are projected to be \$1.0 million higher than budget. This projection is based on revised A.V. growth,

anticipated revenues, and the anticipated level of new construction and turnover.

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$0.8 million under budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base. The final roll was actually less than the roll for Fiscal Year 2006-07 by 4.33%, resulting in the projected revenue decrease.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$6.2 million above budget.

- *Property Taxes Prior Secured Supplemental*

In contrast to the Current Supplemental Taxes' favorable projection, Property Taxes Prior Secured Supplemental is estimated to be \$1.7 million below budget. This projection is based on a combination of a lower than anticipated 2006-07 year-end Current Secured Supplemental uncollected amount of open charges and the projected rate of collections of prior secured supplemental property taxes in 2007-08.

- *Other Tax Aircraft Unsecured*

A positive revenue variance of \$0.3 million is estimated for Other Tax Aircraft Unsecured based on current activity through apportionment 3 for Fiscal Year 2007-08 and projected adjustments and corrections through the end of the year.

- *Transient Occupancy Tax*

A positive revenue variance of \$0.3 million is estimated for Transient Occupancy Tax revenue based on current year collections and trends over the past two years.

- *Real Property Transfer Taxes*

A positive variance of \$0.3 million in revenue is estimated for Real Property Transfer Taxes based on the realized revenues for the first 3 months of 2007-08 as well as the revised A.V. growth and the anticipated level of new construction and turnover.

- *Teeter Tax Reserve Excess*
The Teeter Tax Reserve Excess is estimated to be approximately \$2.5 million below budget, based on current available data on penalty and interest collections. This projection is based on a review of total reserves available to meet the Revenue and Taxation Code requirement of maintaining a reserve of not less than 25% of the total teetered delinquent secured taxes and assessments (R&C section 4703.2). For Fiscal Year 2007-08, the reserve requirement is \$23.7 million, a \$7.0 million increase from the Fiscal Year 2006-07 requirement of \$16.7 million. Further, the available reserve was \$19.8 million as of September 30, 2007.
- *In Lieu Local Sales and Use Taxes*
A positive revenue variance of \$0.3 million is estimated for In Lieu Local Sales and Use Taxes based on a slightly higher growth rate calculated by the California Department of Finance (DOF) as identified by their August 31, 2007 letter to the County of San Diego combined with a positive true-up for Fiscal Year 2006-07.
- *Property Tax in Lieu of VLF*
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$5.3 million over the budgeted amount of \$297.1 million. The projected assessed value growth factor of 8.9% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for 2007-08 is 1.9% higher than the growth rate used to calculate the budgeted revenue.
- *Teeter Property Tax Cumulative Prior Year*
A positive revenue variance of \$4.0 million is projected based on a higher (2007) Teeter year-end final buyout than projected. Collections in Fiscal Year 2007-08 on the higher-than-anticipated taxes receivable are projected to generate the positive revenue variance.

Licenses, Permits, and Franchises

Franchise payments are projected to be approximately \$0.4 million higher than budget. The 2008 payment from San Diego Gas and Electric has not been received; however, the 2008 payment is projected to exceed the 2007 payment of \$5.2 million.

Fines, Forfeitures and Penalties

Penalties and Cost Delinquency Taxes are projected to be approximately \$1.6 million above budget. This increase is attributed to the overall increase in the

property tax base as well as a continued higher delinquency rate compared to prior years. Revenues in this account reflect the 10% penalty that is assessed on late current year property tax payments.

A negative variance of \$0.4 million is projected from fines and forfeitures collected through various code violations due to changes in the distribution of general court fines.

General County Expenses

Contingency Reserve

On October 24, 2007, the Board of Supervisor's approved the transfer of \$3.0 million for Firestorm 2007 support activities. This leaves \$17.0 million budgeted in the Contingency Reserve in FY 2007-08. These appropriations are currently not anticipated to be spent at year-end.

Lease Purchase Payments – Capital Projects

A net positive variance of \$0.3 million is projected. A variance of \$0.1 million is the result of under-realized revenue in "Rents and Concessions" offset by \$0.4 million in expenditure savings on the lease payments.

Lease Purchase Payments - ERP

Savings of \$0.5 million in the Enterprise Resource Planning (ERP) lease purchase payment is projected. \$6.7 million was budgeted for the ERP system lease-purchase payment, but only \$6.2 million was required this year, net of various credits.

Internal Service Funds

Employee Benefits ISF - Workers Compensation

A net positive variance of \$4.0 million is projected for the fund. The \$4.0 million contingency reserve appropriations are not anticipated to be spent in Fiscal Year 2007-08 and this will improve the fund's year-end cash balance.

Debt Service Funds

Pension Obligation Bonds (POBs)

A zero net variance is projected. However, a positive expenditure variance of \$3.8 million due to interest expense savings is offset by a \$3.8 million revenue reduction. The positive expenditure variance is a result of the variable interest rate expense being lower than budgeted. This positive variance is offset by decreased projected revenues as a result of the floating-to-fixed rate swap

agreement that governs a portion of the 2002 POBs. In order to ensure that sufficient funds are available to make interest payments to the bondholders in the face of possible interest rate volatility, the bond documents require that these interest payments be budgeted at 200 basis points higher than the past year's annual average variable interest rate.

Fiscal Year 2007-08 1st Quarter

Completed Capital Projects

ORACLE NUMBER	ARMS PROJECT #	PROJECT NAME	ACCOUNT	BUDGET	AMOUNT CAPITALIZED	AMOUNT CANCELED			
** CAPITAL OUTLAY FUND **									
1006861	KN6318	SPRING VALLEY PARK PICNIC AREA/ACCESS IMPROVEMENTS	54736	153,000	115,281	37,719			
1006855	KN6313	LIVE OAK PARK PAVILION	54731	110,000	82,823	27,177			
1005265	KA3443	SANTA MARIA CREEK ACQUISITION PHASE II TIJUANA RIVER VALLEY HABITAT/TRAIL	54132	1,008,079	980,919	27,160			
1004978	KN3441	RESTORATION	54691	1,325,000	1,008,646	316,354			
TOTAL				\$	2,596,079	\$	2,187,669	\$	408,410
TOTAL FOR CAPITAL PROJECTS				\$	2,596,079	\$	2,187,669	\$	408,410

This attachment represents a listing of 4 capital projects that are completed and will be capitalized in Fiscal Year 2007-08. See recommendations 26, 29 and 35 of the Fiscal Year 2007-08 1st Quarter Status Report.